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***The Bank publishes from time to time in this* Monthly Review *signed articles by exponents of different theories on questions of public interest. The Bank is not necessarily in agreement with the views expressed in these articles.*

The Consequences of Economic Nationalism

By Lionel Robbins

I

ONE of the most marked characteristics of the present state of trade is the extent to which recovery is limited to the home market. Save in the countries still on gold at the old parity, there has been considerable improvement all over the world. But except in so far as domestic revival has involved an increase in demand for essential raw materials from abroad, as in the case of the British building boom, world trade has lagged far behind this recovery. International investment has virtually ceased. The great ports are working far below capacity. Shipping is still in a position of great difficulty. The export industries of this and many other countries still enjoy the status of depressed areas.

The causes of all this are by no means simple. The great fall in raw material prices has been such as especially to affect the capacity of many countries to purchase imports. The failure of the investments of the twenties has created great distrust of international lending. Structural changes have curtailed demand for what were at one time staples of trade. But over and above all these influences, which in greater or less degree have their precedents in earlier depressions, certain forces are operative tending to a permanent contraction of international business, the forces of economic nationalism. It is the purpose of this paper to attempt to analyse briefly the nature of these forces and to discuss their general economic and political significance.

II

It is the essence of economic nationalism that it attempts to confine business activities which would otherwise be international to the area of the political unit. The detailed manifestations are various. They range from the simple protective tariff on the one hand to the most thorough-going socialist planning on the other. But they all have this characteristic in common—the tendency to self-sufficiency. It is irrelevant, so far as their effects are concerned, whether they spring from a desire for military security, or from the desire to preserve certain industries, or from the desire to exercise detailed control over the whole mechanism of economic life within the area of state sovereignty. The nature of economic nationalism is independent of its causes.

Now it is obvious that economic nationalism is not new. Protective tariffs are much older than the conditions of freedom which, in some countries for a brief epoch, superseded them. In Great Britain central control of investment, however mild, is still sufficiently new to be resented, if not actively resisted. But elsewhere it has been fairly common. Control of migration is certainly no novelty: men have seldom been free to go where they wished. And throughout history somewhere or other the authorities of national states have been practising that particular form of economic nationalism which is monetary depreciation or debasement. There are precedents for almost all the measures which are now affecting the prosperity of world trade.

What is new in the present situation is not the nature of the measures now prevalent but the extent of the area over which they are practised. Tariffs we have always had with us. But we have never had tariffs of the magnitude of the systems now in vogue. Quantitative controls may here and there have made their appearance, but never, in modern times, have we had such a proliferation of quotas and licence schemes over such a wide extent of trade. There have been monetary depreciations, but never during times of peace has the monetary unity of the world been so seriously disrupted. And the control of investment and migration has reached dimensions unprecedented since the beginning of the money economy.

But all this is no accident. It is really very superficial to put it all down to the depression. No doubt many of the restrictions from which trade is at present suffering are the

hasty measures of governments made desperate by the ravages of the depression and the instability of the exchanges; there is indeed a vicious circle in these matters. But, on a wider view, the depression itself is in part at least a product of the growing restriction of trade and the divergent tendencies of national policies. There were business fluctuations long before economic nationalism became acute; if there had been no economic nationalism in the twenties there would still have been ups and downs of trade. But the course of depression in a world free from the restrictions of the post-war period would have been radically different from the depression we have known.

Some of these measures are due to fear of war, some to the growth of socialism, some merely to the influence of vested interests. But, quite apart from the initiating cause, the fact is that there is a sort of snowball principle about them all, which, once a certain point has been reached, necessarily involves what is virtually a transformation of the whole framework of economic activity. For a long time tariffs may continue to grow without causing much dislocation. But sooner or later the tariff as such becomes inadequate and gives way to more effective measures, the quota and the license system. For a long time small controls may be imposed on the machinery of investment. But there comes a time when control, to be effective, must be carried much further. Effectively to keep capital at home, not only the machinery of new issues but the stock markets and the foreign exchanges must be controlled. Similarly with money; for a time it is possible to make small departures from the international trend within the framework of a world system. But, beyond a certain point, the attempt to run with the hare and hunt with the hounds breaks down. It is a case for thorough-going nationalism or a return to an international system.

All this of course is what is happening before our eyes at the present day. The vast reversal of the tendency towards internationalism, which began far back in the seventies with the German revolt against free trade, slowly gathered way before the war, was greatly accelerated during that disaster, and since then has grown with such rapidity that it is no exaggeration but a calm statement of fact to say that it is to-day radically changing the system under which we live. This may sound strong to the inhabitants of Anglo-Saxon countries; so far

we have been fortunate: we started late and we have great resources. But we have only to cast our gaze across the channel to see more advanced examples of the same tendency. Dr. Schacht's planned economy seems still very alien to our way of thinking, but so much has been done in the last period of bad trade that it would be foolish to be over-confident that still more may not be done in the next. Nationalism in one part breeds nationalism in others. If there is not a great reversal of the trend of policy the next depression may see even Great Britain many stages nearer the autarkistic plan.

III

But will this matter very much? Ought we to deplore this tendency to a break-up of the world economy? May it not be that the belief in free international intercourse is another of those nineteenth century shibboleths which all enlightened men must discard? Certainly no social arrangement can be regarded as sacrosanct nowadays. Before we conclude that a curtailment of international economic relations is an evil we must know exactly what it involves.

Let us start with simple protectionism, whether by way of tariffs or quantitative control of imports. It should not be difficult to see that, in the vast majority of cases, this involves a sacrifice of real income, both in the country imposing the obstacle and in the countries affected. If in the absence of protection it would pay to get things from abroad rather than produce them at home, this means that they can be produced more cheaply abroad and that domestic capital and labour will produce more if put to other uses. If therefore international exchange is impeded, the goods which are now produced at home are produced less cheaply; there are fewer obtained from a given quantum of resources than would have been obtained by putting the same resources to other uses and if the goods in question were obtained by way of exchange. At the same time the foreign resources which would have produced the goods whose exchange is now impeded have to work at less productive margins. In short, there is less real income all round. The wrong goods are produced in the wrong places.

We can see this very clearly if we look at what is happening to-day in agricultural production. It is one of the important structural changes of our time. For various reasons, partly fear of war, partly in order to secure the support of the agrarian

electorate, ever since the beginning of the twenties, the governments of Europe have been erecting higher and higher obstacles to agricultural imports. The result is a state of affairs which can only be described as fantastic. Behind the obstacles prices are fifty, one hundred, even two hundred per cent. higher than those in the world market. In Germany there is even a shortage of essential goods such as butter. At the same time the great areas of the new world which have specialised in the production of these commodities, and which can obviously produce them at much less cost, are thrown into violent dislocation. What is a luxury in poverty-stricken Europe, is destroyed or sold at prices far below cost of production in areas which in turn are poverty-stricken because of the policy of Europe.

But things do not end here. These countries are indebted to the inhabitants of manufacturing areas. In order to procure foreign exchange to pay their debts, and in order to provide employment for their people, they impose tariffs and restrictions on the import of European manufactures. There are developing in these parts, behind artificial obstacles to trade, industries which would never have paid under free trade conditions. This in turn hits the manufacturing areas. Directly by way of import restriction, indirectly by way of the competition of new supplies, the manufacturers of Europe experience a falling-off of demand for their products. The payment of interest on debt is impeded. The flow of new investment diminishes almost to zero. And all this to render unnecessary those shifts of productive power to forms of production hitherto extra-marginal which science and the international division of labour now render possible!

It is sometimes urged that considerations of this sort apply only to agrarian protection. It is agreed that it is destructive of wealth to impose obstacles on the exchange of food or raw materials. But it is urged that the existence of modern machine technique renders international division of labour unnecessary in industrial manufacture. Industrial protection it is urged is relatively innocuous.

The argument is specious, but it does not bear examination. The case for international division of labour in industry, as in agriculture, rests on differences of cost. So long as the costs of production are different in different areas, so long will it be advantageous for each area to specialise in producing those

things in which its costs of production are least and to procure the rest by way of exchange from elsewhere. These cost differences depend in the last analysis on the different relative scarcities of the different factors of production in different parts of the world—depend, that is to say, on differences of labour costs, rent charges, raw material prices, transport charges, etc. There is no presumption at all that modern technique renders any less essential nice attention to these matters. Indeed, quite the contrary. Is it really to be supposed that all the branch factories of the different international concerns, which are erected in order to get round the tariffs, would come into existence if the tariffs were not there? The economies of large-scale production rest on large markets, but, save in a few favoured areas, the existence of national limitations render large markets impossible. The world would be a much richer place if markets were more extensive.

IV

But it is not only as regards the distribution of existing resources that economic nationalism leads to results which by most would be regarded as uneconomical. The distribution of new capital and the whole future development of world resources is also likely to be seriously affected.

Under conditions of free investment, capital flows to the point of maximum return, account being taken of variations of risk. This means that capital tends to flow from areas where it is relatively plentiful to areas where it is relatively scarce. Now in fact the different parts of the world are in very different stages of economic development. There is reason to suppose that, given peace, stable government and freedom of investment, for a very long time to come, capital would flow from those parts which are relatively rich to those parts which are relatively poor, to the enrichment of each. From the economic point of view, the world is still relatively undeveloped; and the prospects of increased wealth all round, which would follow better exploitation of its resources, are great.

But under economic nationalism, this process of development must inevitably be considerably limited. This is not merely a matter of the immense obstacle to international investment which is offered by that form of economic nationalism which involves instability of exchanges; the effects of that are too well known to need further mention here. It is

rather the effect of economic nationalism as regards long-term investment. So long as the governments of areas where capital is relatively scarce are unwilling to see domestic resources controlled by foreign owners; so long as the authorities of the areas where capital is relatively plentiful impose hindrances on its movement elsewhere—and as economic nationalism grows this must come more and more to be the case—so long must this impoverishment of the world continue. There must be stagnation and ultra-cheap money in the capital exporting centres, financial stress and a chronic scarcity of capital in the centres which would have imported capital. Moreover—and this is a point which especially concerns Great Britain—the great export trades, which have been geared up, so to speak, to meet the demands created by a large export of capital, must remain permanently depressed. Not merely the business of acceptance and new issue, but the whole business of export suffers further from the stoppage of free capital movement.

It may be said that all this is hasty generalisation from the difficulties of the moment, and that "when things get better"—it is never stated quite how—even under the regime of separate national planning we shall see a revival of orderly international borrowing and lending.

It is to be feared that the wish is father to the thought. For the probabilities are all in the other direction. The existence of national controls of the business of investment is likely to make the movement of capital not more, but very much less, considerable than would otherwise be the case. When one set of investors in one country lends to another set of borrowers elsewhere that is an affair of private business in which the intervention of governments is the exception rather than the rule. But when the investment board of one country lends to the investment board of another that is *ipso facto* a matter of high diplomacy involving political risks and considerations quite unconnected with the relative scarcity of capital in the countries concerned. It is really not to be expected that under such a regime the movement of capital would be on anything like the scale which might be expected in a regime of free private investment. The Russian credits are sometimes invoked as a demonstration that even under national socialism some borrowing takes place, but the example is surely very unconvincing. Who can doubt that if the

revolution had taken a different form and there had been scope for free investment and private property in Russia that the volume of foreign investment in those parts since the war would have been incomparably greater? A world of economic nationalism is going to be a world in which the undeveloped areas are much less rapidly developed and at much greater cost than would be the case in a world of international co-operation. And the centres which in the past have grown up to organise the business of international investment must be doomed either to decline or to a very radical transformation of their business.

V

If the analysis of the preceding sections is correct, it seems that both in respect of the distribution of different industries in different parts of the world and in respect of the distribution of new capital investment, economic nationalism must lead to the loss of much potential wealth.

But is this necessarily to be regretted? May it not be that the sacrifice of potential wealth may be regarded as a fair price for the greater economic security and freedom from external development which the national control of national development and resources must involve? This at least is the argument of the more sophisticated advocates of economic nationalism.

Unfortunately these claims do not seem to be justified. If we could assume that economic nationalism would result in complete isolation of each national economy it might be that its effects would be limited to those we have already examined. It would be as if there had been a fragmentation of the planet along the lines of division indicated by the political maps. The inhabitants of each splinter would be deprived of resort to outside supplies in times of harvest shortage and the like, and their opportunities would be greatly restricted. But they would at least be immune from fluctuations generated outside their area. There would be no foreigner to blame for variations of prosperity.

Such developments, however, are not likely. The apparatus of modern life is so dependent on supplies of raw materials unequally distributed about the surface of the earth, that it is really most improbable that the majority of nations would be content with the very drastic alterations of habit which abstention from the consumption of all commodities

dependent on import would involve. Moreover the countries especially dependent on export of such materials would no doubt make strong efforts to secure outlets for their wares even at some sacrifice of the principles of autarky. The net effect, therefore, even of the very drastic economic nationalism which seems to lie ahead is likely to be a severe curtailment rather than a total cessation of international business. There will be some international exchange. But it will be much more a matter of bilateral treaties and special governmental bargains; much less a matter of world markets and competitive enterprise than heretofore.

But this does not mean that it will be more secure and more stable. On the contrary there is reason to believe that in such a regime there will exist types of instability and insecurity, which are much less frequent in a regime of free markets.

Consider, for instance, the determination of prices. In the world market this is a resultant of the impersonal impact of demand and supply from a multitude of sources. In the planned system it will be a matter of bilateral bargains. It will be much less a matter of consumers' wants and the technical means of satisfying them, much more a matter of political higgling. And it will be political higgling in the dark. There will be no world market to guide it. The world market with its "wasteful competition" and its "parasitical middlemen" will have disappeared. Under bilateral monopoly price is subject to very wide limits of error.

All this will be inconvenient, but it will be by no means the main inconvenience of such a regime. The system is designed to guard against change, but change cannot be thought out of the picture. There will be changes of technical knowledge in this part of the world or that, harvest variations, changes in the demand for and supply of various natural resources. And the effects of such changes are likely to be much more devastating in a world of economic nationalism than in a world of free markets. The damping effect of the world market will have gone. The safety valve of migration will have disappeared. The rigid system which remains will be much less capable of adaptation.

Consider the effects of some invention resulting in a curtailment of demand for a staple article of export of a single state or group of states. Suppose, for example, a change in

building methods or methods of paper production involving a considerable diminution in demand for certain kinds of timber. Or suppose some chemical discovery superseding the demand for some natural fertiliser.

It is clear that in any case the transition would be difficult. In any case there would probably be some permanent lowering of the value of land in the areas affected. Unless some of the population were willing to migrate there would probably be a permanent lowering of the standard of living.

But compare the difficulties of adaptation under the two systems. In a free system some labourers would probably migrate, and some would turn their efforts to other lines of production. New products or additional supplies of products hitherto produced elsewhere would appear in world markets.

But in a world of economic nationalism how much harder would be the transition. There would be no outlet by way of migration; national planning precludes free migration. And the outlet for new products or additional supplies of products hitherto produced elsewhere would be hedged in all round by existing agreements and prohibitions. The "ruinous" competition of the new products of the impoverished area would be resisted on all sides. In the few markets to which they succeeded in gaining access, the lowering of price necessary to carry off the increased supplies would be much greater than would be the case if the area of sale were less circumscribed. If the original falling-off of demand were very great, it might well be that the impoverishment of the inhabitants of the affected area would be catastrophic.

The picture is alarming. But it is not wholly imaginary. If we reflect on the recent history of the world it is not difficult to find examples. The causes of the increase of Japanese competition in recent years are many and complex. But one at least of these causes was the falling-off of demand for Japanese silk in American markets. And one reason at least for the great severity of Japanese competition in the countries to which Japanese goods have access is the very considerable obstacles which have been erected to the importation of such goods elsewhere. No doubt there is much more in it than this. But the example is conducive to reflection. And, as we shall see, it has a further moral which is even more disturbing.

VI

It seems therefore as though the policy of economic nationalism were likely to lose the substance for the shadow, even in regard to security. If the policy is imitated elsewhere—and it is the most astounding naïveté to argue as if the policy can be restricted only to one's own national area—then insecurity is increased. It is not a question of bartering the prospects of increased wealth for increased security. Security goes as well.

All this relates only to the economic consequences of economic nationalism. Even more important and even more disturbing are the probable political consequences. There is reason to believe that economic nationalism is likely gravely to enhance the danger of war. The idea that the peace of the world is likely to be increased if we " try to keep ourselves to ourselves " is not merely a pathetic fallacy, it is a highly dangerous delusion.

We have had occasion to recognise already how economic nationalism necessarily leads to what may be called, to borrow a very ugly word from the home of modern economic nationalism—the *politicalization* (*politizierung*) of trade. Instead of the consignment of sardines from Utopia to Ruritania being a matter of trade between Utopian and Ruritanian merchants, it becomes a matter of diplomacy. The High Contracting Parties undertake to receive and deliver sardines! It is clear that if anything goes wrong it is much more likely to lead to political friction than when private merchants were the parties involved. The very terms of contract are matters of politics. One has only to consider the part played by bacon in our own relations with Denmark in recent years to see how relations which have hitherto been completely cordial may be worsened by contracts over humble articles of trade.

But the " politicalization " of trade is not the only, or indeed the chief, political danger of economic nationalism. The main danger is the worsening of relations between states of unequal natural resources and populations—the so-called " haves " and " have-nots " of popular discussion—which it almost certainly involves.

It is a commonplace of elementary economics, that *so long as trade and investment are free*, territorial possession is a matter of secondary importance. So long as territorial possession involves no discrimination against the foreigner, the

fact of possession confers no major gain, its absence no important disadvantage. No doubt the possession of an empire does involve some economic advantage. It affords outlets for employment in government service—the one service for which recruitment is almost necessarily chiefly confined to citizens. It carries with it some sentimental and linguistic advantage in matters of contracts. But quantitatively, so long as trade is free, these things do not amount to much. If an empire is not run as a private preserve, its advantages, such as they are, are mainly political rather than economic. So long as Great Britain adhered to the policy of the "open door," it was no empty claim that those parts of the Empire which were administered from at home were administered as if in trust for the world. The myopic apostles of continental reaction, who never understood the principles of classical liberalism and whose minds were befuddled by the leaden clangour of another imperial idea, may have denied this. But their accusations do not hold water. The administration of the free trade Empire is not one of the episodes of history of which Englishmen need be ashamed. No foreigner was poorer because of the width of our possessions, so long as these principles were adhered to. If he said he was, he can only have been hoping that if his government possessed them, it would administer them on different principles.

But once the principles of economic nationalism hold sway, the position is changed completely. If national (or imperial) areas are to be treated as private property, their markets preserved for citizens of the group in question, their resources open only to development by national (or imperial) capital, then territorial possession does matter very much indeed. If such is the state of affairs, then it is true that those outside the charmed circle may be very seriously affected by decisions which are taken within it. It does mean that absence of territorial possession may be a very grave disadvantage. The claim for a place in the sun ceases to be empty bombast, it becomes the fateful expression of an urgent and insistent need.

Now this is a very serious matter—and the more fortunate an area is in its initial possessions the more probable the ultimate menace to its security. If it can truly be said by the leaders of a hungry people—" *your poverty is the result of their*

policy. Your deprivation is the result of their possession"—then there is grave risk of war, there is real danger of a combination of the "have-nots" to plunder the "haves." The belief that in the past the origins of war have been chiefly economic is false. Examination of the facts does not bear it out. But in a world of exclusive nationalism it is likely to become a grim and horrible reality. In a liberal world the theory of the economic causation of war is a malignant invention. Economic nationalism creates the conditions which make it true.

It is important to be quite clear about the issues involved here. It is not, as is often supposed, a mere matter of the unequal distribution of mere sources of raw materials. Of course the warlike peoples would wish to own their raw material supplies. But this is a minor matter, and, war apart, it is not difficult to buy raw materials if you have the money. The core of the problem is exclusion from local markets, from the markets for goods, for capital, for labour. And it is not possible to conceive of a redistribution of possessions which would put this right. The well-meaning idealists who talk in terms of some spectacular sacrifice on the part of the "haves" which once and for all will satisfy the "have-nots" have got things all out of perspective. The thing is politically absurd and economically useless. What is needed is not the handing over to this or that dictator of a few hundred square miles of fertile land (or desert)—however grand that might seem to the people who do not inhabit the area sacrificed. What is needed is the lowering of all those barriers to trade and investment which give the dictators and others a real pretext for the argument that the accident of history which marked out their particular area was also an accident which doomed its inhabitants to avoidable poverty. Until that is done the danger of war will persist. It was not doctrinaire pedantry which made the great British statesmen of the nineteenth century free traders: it was a shrewd and solid conception of the peace and wellbeing of the Empire.

VII

Impoverishment, insecurity, war—these, if our argument is correct, are likely to be the fruits of economic nationalism. The argument is not a new one. It was well known to those who built up the strength and the wealth of our nation in the

past. But in recent years we have been apt to dismiss it as academic and unimportant. May it not be hoped that the portentous demonstration of its validity which is now unfolding itself before our eyes may restore our conviction of its practical significance and importance? It is not too late even now to escape from our present muddle, if only we have the wish to do so. The important thing is that we should recognise that it is a muddle—and a dangerous muddle at that—and not the somewhat arduous pathway to some nebulous and vaguely superior El Dorado which current obscurantism would have us believe it.

LIONEL ROBBINS.

22nd April, 1936.

Notes of the Month

The Budget.—A year ago the Chancellor of the Exchequer budgeted for a total ordinary expenditure of £734 millions. In actual fact, last year's expenditure came to £750 millions, partly because of additional expenditure for defence purposes. Fortunately the progress of the trade recovery made the year's revenue sufficiently buoyant to cover this extra expenditure. Most sources of revenue did well, the principal exception being sur-tax, and an estimated revenue of £734 millions turned into an actual revenue of £753 millions. Thus the year ended with a surplus of £3 millions, to which can be added the Sinking Fund allocation of £12·5 millions, representing the margin between the fixed debt charge of £224 millions and the actual cost of the interest and management of the National Debt.

This year, the estimates already presented amount, with the Consolidated Fund Services, to £772 millions. The Chancellor also felt bound to allow £25·6 millions for supplementary estimates to cover probable defence expenditure. Thus he had to find a total sum of £798 millions, or £48 millions more than was actually spent last year. He felt that he could count on a further expansion in revenue, on the existing basis of taxation, as a result of the progress of the trade revival, but even after allowing for such an expansion he could only estimate revenue at £777 millions. He was thus £21 millions short.

To meet the deficit, the Chancellor, after announcing several minor alterations in taxation, proposed four main changes. These were (*a*) a tightening of the income-tax law; (*b*) an increase in the standard rate of income-tax from 4s. 6d. to 4s. 9d. in the £; (*c*) an increase of 2d. per lb. in the tea duty; (*d*) the transfer of the Road Fund revenue and expenditure to the control of the Exchequer and Parliament, coupled with the appropriation to current revenue of the Fund's outstanding surplus of £5,250,000. In this way, he balanced his budget with a margin in hand. This was used to increase the income-tax personal allowances from £170 to £180 for married couples and from £50 to £60 per child. The effect of this is that the increase in the standard rate of tax is more than offset for the majority of married tax-payers.

Mr. Chamberlain finally announced that while the year's additional defence expenditure was being covered by revenue, in future years the cost of new equipment as distinguished from

maintenance might be met partly out of borrowing. Obviously much will depend upon the state of trade and the buoyancy of the revenue in future years.

The Money Market.—The completion of the refunding operations initiated last December involved a large turnover of funds early in April, but these operations were managed so as to cause little disturbance. There is some evidence that the final call of £73 millions on the new 2½ per cent. Funding Loan, paid on April 3rd, fell mainly on Public Departments who are believed to be large holders of this stock, for although the payment of this money into the Exchequer permitted of a substantial reduction in the floating debt, the quantity of Treasury bills issued by tender to the banks and the money market was only reduced during that week by £5 millions. The main reduction was in Treasury bills issued to Public Departments and other authorities. Nearly a fortnight later, on April 15th, £44 millions of maturing Treasury bonds were repaid. Some of this money found its way to Public Departments, for they were able to take up additional Treasury bills that week, but the Bank return showed an expansion of about £11 millions in both Government securities and bankers' deposits. This strongly suggested that the Government had borrowed on Ways and Means from the Bank, and that part of its disbursements had also passed into the hands either of the joint-stock banks or their customers. At the same time, Easter which fell on April 12th, disturbed temporarily the balance between the daily payments for new Treasury bills and repayments of old bills, and part of the increases in Government securities and bankers' deposits is attributable to that cause. By a week later the balance had been restored, with the result that there was a contraction in both these items. Meanwhile, Easter currency demands raised the note circulation to nearly £422 millions, but currency has since come back. The net result of all these operations is that credit has probably undergone a slight expansion, but this was absorbed during Easter by the increase in the note circulation. On the other hand, now that the new financial year has opened, the Government is having to issue more Treasury bills, and between March 31st and April 25th, the tender issue had risen from £498 to £518 millions. The most apposite comment is that the routine of Government financing is now managed so carefully that even

operations involving a turnover of more than £50 millions do not affect the money market or the general supply of credit. This is proved by the fact that during the past month there has been practically no change in discount rates. The banks have remained buyers of Treasury bills, of nearly all dates, at $\frac{1}{2}$ per cent., while three months' bank bills were quoted at $\frac{1}{2}$–$\frac{9}{16}$ per cent., and these rates were unaltered during the whole of the month.

The Foreign Exchanges.—During the past month interest has been directed mainly towards the franc. The German occupation of the Rhineland in March caused a temporary run on the banks in the frontier districts. This forced them to rediscount at the Banque de France, and so made it more difficult for the French Treasury to obtain funds, which were urgently needed. Towards the end of March, therefore, the Treasury had to obtain powers to issue an additional Frs.6,000 millions of bills, which it was generally realised would quickly pass into the hands of the Banque de France. By that time the proceeds of the London credit had already been transferred into francs and were rapidly being spent. This sequence of events occasioned a renewed outflow of funds from France. The franc weakened, and the Banque de France began to lose gold. At the end of March the French Bank rate was raised from 3½ to 5 per cent., and the Government made a further declaration of its determination to maintain the gold standard. Nevertheless the outflow of funds has continued, while to make good the consequent drain on their resources, the banks have had to rediscount freely at the Banque de France. The net changes at the Banque de France during the three weeks ended April 17th are shown below, private deposits representing largely the cash balances of the commercial banks.

	March 27th	April 17th	
	Frs. millions		Change
Gold	65,587	62,488	—3,099
Rediscounts	12,239	14,188	+1,949
Note Circulation...	83,197	82,962	— 230
Private Deposits	8,168	7,683	— 485

These returns show clearly how money has been draining out of the banks either into private hoards or else to foreign centres. It is not surprising, therefore, that the franc was weak during most of April. The British Exchange Equalisation Account gave constant support, and must have gained a considerable amount of gold in doing so. Nevertheless the spot

rate rose at one time to Frs.75$\frac{1}{4}$, though it has since been brought back to Frs.74$\frac{31}{32}$. The discount on three months' francs was also at one time above Frs.4, but it has since narrowed to about Frs.3. The New York Paris cross-rate has been kept just within the export gold point, but only because the French authorities supported the franc against the dollar, and this operation necessitated the transfer of gold under ear-mark to American account. Transfers of French money have been made to Holland and Switzerland as well as to England and the United States, so that while the French franc has been weak, the guilder and the Swiss franc have been stronger than for some time past, with forward rates against sterling at comparatively narrow discounts. The dollar has also strengthened against the pound, and while this may be a temporary movement, the increase in the British adverse trade balance should not be overlooked. The outlook for the franc is still difficult to gauge. The most that can be said is that the Banque de France's gold reserves appear sufficient to tide France over the present crisis, but that each fresh drain brings the gold reserves nearer their irreducible minimum.

The Stock Exchange.—When due allowance is made for such disturbances as the Easter holidays, the budget and the continued uncertainties of international politics, prices on the London Stock Exchange have remained extremely steady. The gilt-edged market has been very firm, and even the increase in income-tax only caused a minor set-back. Among Dominion securities, Canadian bonds suffered from the Alberta default and from the threatened forced conversion by the City of Montreal. Foreign bonds were irregular, with a recent improvement in Brazilian and Chinese issues. Home rails have advanced under the influence of good traffics and the proposed wage settlement. Foreign rails have been quiet. The industrial market has been very steady with a good demand for motor and retail stores shares. In the more specialised markets, rubber shares have been idle except for one temporary burst of activity, and tea shares have been dull. Oil shares have advanced under the leadership of Mexican Eagle, which rose rapidly on the news of the settlement of its Amatlan law-suit. The Kaffir market has been dull, for the favourable reception of the new South African tax proposals only helped the market for a short time. Base-metal shares have been irregular, with

little definite change either way. Shares of companies operating in Spain, however, have been affected by recent political developments.

Commodity Prices.—World wholesale prices have remained very steady during the past two months. Since the first week of March up to the fourth week of April, the British index number has only varied between 112·4 and 112·9, while the American figure has only moved between 119·5 and 119·8. French wholesale prices, which had been rising steadily ever since August, reached a peak in the middle of March at 85·9, and have since receded to 85·0. German wholesale prices remain firm at 95·4. All these index numbers use September, 1931, as their base. Superficially, therefore, it looks as if a state of equilibrium had been reached. Yet, judged from these index numbers, the franc is certainly over-valued against the pound by at least 10 per cent., while the pound may be a little over-valued against the dollar. This means that if existing exchange rates are to be maintained, there should be a decline in French prices and possibly a small rise in American prices. This argument, however, should not be pressed too far, as wholesale price-levels by themselves are quite inadequate as a determinant of world price and exchange equilibrium.

The British official cost-of-living figure fell during March from 46 to 44 per cent. above its pre-war level. At the end of March, 1935, it stood at 39, so that there has been a rise of five points during the year. The index number of retail food prices fell during March from 29 to 26 per cent. above pre-war, the previous year's figure for the end of March being 19 per cent. above pre-war. The declines during last March were in both cases due to seasonal causes. The Minister of Labour has announced that the basis and method of calculation are to be revised. The present figure is based upon family budgets collected prior to the war, and a new investigation into current family budgets is to be made.

Overseas Trade.—Imports for March amounted to £68·1 millions, against £62·3 millions in February and £60·5 millions in March last year. Exports of British goods were £36·5 millions, against £35·1 millions in February and £36·0 millions in March last year. Re-exports were £5·9 millions, against £5·7 millions in February and £4·5 millions in March

last year. Exports thus are unchanged, but there have been appreciable increases in imports and re-exports.

Description	Jan.-Mar., 1935	Jan.-Mar., 1936	Increase (+) or Decrease (−)
	£ mn.	£ mn.	£ mn.
Total Imports	178·4	200·3	+21·9
Retained Imports	164·5	184·4	+19·9
Raw Material Imports	52·4	60·8	+ 8·4
Manufactured Goods Imports	42·8	49·5	+ 6·7
Total Exports, British Goods	105·5	106·1	+ 0·6
Coal Exports	7·5	6·6	− 0·9
Iron and Steel Exports	8·3	8·2	− 0·1
Cotton Exports	16·0	15·7	− 0·3
British Manufactured Goods Exports ...	82·3	82·8	+ 0·5
Re-exports	13·9	15·9	+ 2·0
Total Exports	119·4	122·0	+ 2·6
Visible Trade Balance	−59·0	−78·3	−19·3

The returns for the first quarter of 1935 and 1936 are summarised above. The most striking change since last year is the big increase in imports. The returns show that £6·4 millions of this increase is in food imports, £8·4 millions in raw materials, and £6·7 millions in those of manufactured goods. The expansion in food imports is most noticeable in the case of wheat, butter, eggs, cocoa and tea, and while there has been a physical increase in arrivals of eggs and cocoa, in the other three cases the rise in the value of these imports is due mainly to advances in the price of these commodities. The expansion in raw material imports is very general, except for a fall in imports of rubber. The most striking increases are in imports of iron ore, raw cotton, raw wool and hides. In most cases price advances account for part of the increase in the value of these imports, but quantities are also higher than a year ago. Half the increase in the value of imports of manufactured goods arises from an expansion in imports of non-ferrous metals and petrol, which are virtually raw materials, and price advances in some cases account for the whole of the increase. The other big expansion in this group is in imports of machinery.

The predominant causes of the expansion in imports are, therefore, advances in prices and heavier imports of raw materials, but an improvement in the general purchasing power of the country has also played a part.

The small increase in exports of British goods is explained partly by a decline of nearly £900,000 in coal exports, due entirely to the cessation of shipments to Italy. Export trade generally, however, shows a certain lack of resilience. It appears at the moment as if the revival in home trade and purchasing power, coupled with the rising trend of prices, is having a much greater effect upon imports than upon exports. This augurs well for home production, employment and consumption, but at the same time means that the adverse trade balance is considerably greater than a year ago. If this tendency persists, last year's favourable balance of payments, with its consequent reaction upon sterling, is unlikely to be repeated.

Home Reports

The Industrial Situation

While in one or two respects recovery may have been proceeding more slowly during recent weeks, there is no doubt that further progress has been made. Both security and commodity markets have held up well in face of the disturbed international situation, while the March increase in the number of insured workers employed to a new high record of 10,630,000 is a fact which speaks for itself. The unemployment percentage has dropped to 14·4, or to the lowest figure since 1930 with the single exception of last December, and the March improvement in employment was spread over a large number of important industries.

The *Economist's* index number of general business activity rose between February and March from 116·5 to 117·0, but is still two points below last December's figure, which was the highest on record. Activity in the iron, steel and engineering industries is well maintained. Many firms find difficulty in keeping pace with orders, and in some places there is a shortage of skilled workers. The revival in shipbuilding has reached the point where the Clyde is working at two-thirds of capacity. Electric power consumption continues to increase and there is a fairly active demand for industrial chemicals. Raw material imports, and those of semi-manufactured products, are higher than a year ago. Finally, Mr. Chamberlain felt justified in basing his budget on the assumption that trade and revenue would continue to expand.

There are, however, one or two disappointing indications. Railway goods traffic receipts for April were not quite up to last year's level, while the value of building plans passed during March showed an unexpected drop of 8·3 per cent., compared with the previous year. The recovery in our export trade also seems for the moment to have reached its limit, so that allowing for the year's increase in imports, our adverse trade balance is greater than in the first quarter of 1935.

Home consumption, however, continues to be well maintained, as is indicated both by the import returns and by reports from the textiles, clothing and other consumption industries. Bankers' clearings are running comfortably ahead of a year ago, which shows that money is circulating more

freely. The expansion of over £20 millions in the note circulation possesses less significance, as British currency is now being hoarded on the Continent. Still, the best test of current consumption is afforded by the retail trade returns, which at the end of March recorded an increase in value of 7·9 per cent. over last year.

News from the Empire remains encouraging. There are slight signs of financial stringency in Australia, but the successful marketing of the present wool clip should more than ease the position. Business in Canada continues to recover, but for the moment at a slower rate of progress. Activity in South Africa is well maintained. Reports from the United States are in many ways encouraging. The recent floods have caused less interruption to trade than might have been expected.

On the Continent, French trade is becoming a little better, and Belgium is distinctly more prosperous than a year ago. In Germany, March witnessed a big improvement in unemployment. News from Norway and Sweden remains good, but Holland is at the best making slow progress. There is no doubt that international politics have had a more retarding influence on trade on the Continent than in England. In the Far East, news from China is more hopeful, and the recent devaluation of the dollar has in many ways proved helpful. Japanese commodity markets remain steady.

Agriculture

England and Wales.—According to an official report spring sowing was proceeding at the end of March, but few plants were yet above the ground. Autumn-sown crops improved in appearance during the latter part of the month. The preparation of the land for potatoes is being pushed forward as rapidly as possible, and planting of early varieties is progressing. Preparation of the land for sugar beet is very much in arrear. The fall of lambs amongst lowland flocks has been about average. Lambing prospects amongst hill flocks are still not very favourable. At the end of March pastures were showing signs of growth. Milk yields have been difficult to maintain, and all stock are showing signs of the trying winter.

Scotland.—While sowing and planting are now completed or well advanced in all districts, seed has found a very cold bed, and the drying and biting winds during April have

seriously retarded germination and growth. Everything, indeed, is very far back, and, unless a warm spell comes soon, prospects must be regarded with concern. In the produce markets there has been rather more enquiry for wheat, while oats and barley have been fairly steady, but supplies have been restricted owing to pressure of farm work. There is more enquiry for potatoes. In the livestock markets cattle have been forward in average numbers and trade was firmer for practically all classes, particularly for first-grade quality bullocks. Fat sheep and lambs have been firm, but stores were rather easier.

Coal

Hull.—Collieries are having no difficulty in obtaining high prices for all descriptions of export and bunker coal, but this is mainly because outputs are controlled.

Newcastle-upon-Tyne.—Northumberland steam coal is firm, and graded coal is in increasing demand, many collieries being booked up to full capacity. Durham steams and best gas coal are steady, but coking and bunker coal are plentiful, and business is difficult to obtain. Coke is strong at firm prices, and all descriptions are in good demand.

Sheffield.—Demand for steam coal continues good and prices are firm. On the export coal market supplies are not too plentiful, but enquiry for prompt delivery is fair. Owing to the stiffening of prices, buyers are hesitant in ordering, and forward business is also difficult. The household fuel market is rather quiet.

Cardiff.—Business on the South Wales coal market remains quiet. Demand for large coal continues poor, and smalls and sized coals are consequently difficult to arrange. Cokes continue scarce and firm. Forward enquiry is limited for all descriptions. The threatened stoppage in the Northern French mines is being watched with interest, but it is thought that a settlement will probably be reached before the expiry of notices.

Newport.—Foreign shipments during March amounted to 110,000 tons, compared with 118,000 tons in February, and 164,000 tons in March, 1935. Dock shipments, foreign and coastwise, were rather higher than in February, averaging 45,000 tons per week against 44,000 tons, but in March last year the average was 51,000 tons. For the first quarter of

1936 total shipments of coal and coke were 657,000 tons, compared with 845,000 tons in the previous quarter, and 738,000 tons for the first quarter of 1935. Patent fuel shipments amounted to 4,200 tons against 6,900 tons in February, and 4,500 tons in March, 1935. For the quarter the total was 21,000 tons, compared with 28,000 tons in the previous quarter and 29,000 tons a year ago.

Swansea.—Enquiry from the Continent remains disappointing. Best quality large anthracite has been moving satisfactorily, but other qualities of large coal show an easy tendency. Beans, peas and grains are in strong demand, but other qualities of sized coals are moving slowly. Steam coals show no change, and continue to be offered freely.

East of Scotland.—In Fifeshire the demand for first-class steam coal has expanded, and stocks are moving off freely. Business in the Lothians continues dull, demand falling short of supplies. Doubles, singles and trebles are all busy on both sides of the Forth, and outputs are moving off as produced.

Glasgow.—Washed nuts are in particularly strong demand, and supplies for export are scarce. Practically all sizes are required in considerable quantities for home delivery and for shipment. Steam coals are decidedly quieter. A good many enquiries for smalls are being received from importers abroad. Collieries, however, are reluctant to increase their commitments, and as exporters are not disposed to sell ahead speculatively, the volume of new business is somewhat restricted.

Iron and Steel

Birmingham.—Producers of iron and steel continue to work at full capacity, and prices are firm. New buying was quiet during March. The billet position is easier owing to the fact that a large tonnage of Continental billets has been released, over and above the quota fixed with the Cartel. The outlook continues promising. The coke shortage is still a serious factor for pig-iron producers, and current output is being absorbed and stocks reduced at every blast furnace. Producers of pig-iron are sold out until the end of June, and for purchases beyond this date a premium of 5s. per ton is being demanded and paid.

Bristol.—There has been a slight increase in the number of short-time workers, but the position generally is satisfactory.

Sheffield.—Owing to heavy order books and the difficulties in meeting deliveries to time, the Easter holidays were curtailed by the steel-producing firms, some concerns working right through the holiday period. Most firms are still working to capacity. Active conditions prevail in the strip and bar mills, and the rolling mills are well employed. Stainless steels continue to make further headway. The boom is largely confined to the home market, but export trade shows a slight improvement. The local scrap position continues to be affected by the importation of foreign material.

Tees-side.—Record steel outputs are being achieved, but production is not sufficient to enable manufacturers to meet all their obligations fully. The demand for structural steel is also considerable, and rolling mills are working at great pressure in endeavours to keep abreast. Export business in rails has been rather better, and enquiry from the shipyards is growing. More blast furnaces have been brought into commission, but owing to insistent pressure from the steel works for pig-iron, there is virtually no foundry iron available for the open market, and consumers have had to turn to other sources for supplies. Serious repercussions are being felt in the export trade. Shipments from the River Tees ports last month were little more than one thousand tons, and valuable overseas connections are being lost. Makers of East Coast hematite iron are able to meet all their obligations, but have little, if any, surplus.

Newport.—Imports of semi-finished products totalled 16,900 tons in March, compared with 20,900 tons in February, and 30,000 tons in March, 1935. For the first quarter of 1936 imports were 62,000 tons against 76,000 tons in the previous quarter, and 116,000 tons in the first quarter of last year. Exports of iron and steel and general cargo amounted to 11,400 tons in March, against 18,600 tons in February, and 11,300 tons in March, 1935. For the quarter iron and steel and tinplate shipments totalled 39,000 tons, compared with 46,000 tons in the previous quarter, and 45,000 tons last year.

Swansea.—Demand for tinplates was slightly weaker during April. The tone is steady, however, and the industry has been employed at 57·75 per cent. of capacity.

Glasgow.—Production is fully maintained. Steel makers are very busy, and many classes of home consumers are pressing for deliveries. All descriptions are in strong demand. Ship-

builders are specifying more freely, but are not so far experiencing the full effect of the improved demand for new mercantile and Admiralty vessels. The sheet works are also well employed, and home orders are plentiful. Export trade is not of satisfactory volume, however, and producers of galvanised descriptions would welcome new orders. The tube trade is quiet. Re-rollers are fully employed, and makers of wrought-iron report that the recent seasonal improvement in demand is maintained. Foundry, hematite and basic qualities of pig-iron are in good demand, and prices are firm.

Engineering

Birmingham.—The motor and accessory trades have remained very active, and electrical engineers are working to capacity. Chromium-platers and allied industries are also busy. Building materials are still in keen demand.

Bristol.—The improvement in motor engineering has been maintained, but in the aircraft section the demand for skilled workmen has slackened. General engineering shows a slight improvement. The demand for skilled operatives in the building industry continues.

Leeds.—The improvement, particularly in the lighter section of the industry, is maintained.

Leicester.—Home trade remains very good. Demand for structural steelwork has improved and firms are working to full capacity. There is every prospect of a heavy demand in all branches of the trade, and extensions of premises and plant are on hand.

Sheffield.—The general engineering trade shows a decided improvement, and several large contracts were placed during April. All branches of the tool trade continue to be well employed, and in some sections demand far exceeds the supply, in spite of the greatly increased productive capacity of many of the works. The farm and garden tool trade is experiencing the greatest boom for many years, in both the home and export sections. Demand is heavy for engineers' small tools, mechanics' tools, twist drills and cutters, and precision tools, and deliveries are in many cases difficult to obtain owing to the shortage of skilled labour.

Wolverhampton.—The general engineering trades are active, and overtime has become necessary in many cases,

partly owing to a shortage of skilled engineers. Foundries are fully engaged and the metal industries show a steady expansion. Factory extensions and additions to plant are fairly numerous. Output for the motor, motor-cycle and pedal-cycle industries is in excess of that of the corresponding period last year. Export business in both bicycles and motor-cycles has improved, and home demand has also grown. Rapid progress is being made in the erection of the new aircraft factory. Building development continues and some difficulty is experienced owing to the shortage of bricklayers.

Glasgow.—Although there has lately been a lull in the flow of orders, the position of the Clyde shipbuilding industry is encouraging. Since the beginning of the year the volume of work on hand has increased by nearly 100 per cent. Exclusive of various ships nearing completion the Clyde yards have now over 300,000 tons gross of mercantile work on hand, the highest tonnage recorded since 1930. The industry as a whole is now working at about two-thirds of capacity. The marine engineering works are reflecting this improvement in a busy spell, and in most cases full time is being worked.

Metal and Hardware Trades

Birmingham.—In the cold rolled brass and copper section trade is fairly good, and copper prices remain firm. Tube manufacturers are busy. The non-ferrous metal trades are looking forward to better business in connection with the Government's rearmament programme. Exports are disappointing, and foreign competition is keen.

Sheffield.—The cutlery trade remains uneven, but on the whole shows some improvement. The Admiralty contracts placed recently will certainly help to improve conditions. Spoon and fork manufacturers are busy, and there is a definite improvement in the demand for silverware.

Wolverhampton.—Considerable improvement has taken place in the edge tool trade. Business in hardware remains brisk. Demand for builders' ironmongery, locks and fittings continues unabated.

Chemicals

Prices have remained steady in the chemical market, and trade generally has been fairly active. Among coal tar products

carbolic and cresylic acids and creosote oil are in good demand. Business in wood distillation products has also been good except for wood creosote and tar. Pharmaceutical chemicals have shown a slight improvement, especially bismuth salts, bromides and lactic acid, but orders are mainly for limited quantities.

Cotton

Liverpool.—The outstanding event of the month has been the publication of the long-awaited plans from Washington for the disposal of the 4,500,000 bales of loan cotton. It is proposed that 1,000,000 bales of this cotton, together with 300,000 bales of Pool spots and some 500,000 bales of Pool "futures," should be made available before September 1st next, and that thereafter annual releases of 1,000,000 bales of loan cotton should be permitted until the stock is exhausted. The Plan will permit borrowers to take back, free of carrying charges, the 1,000,000 bales of loan cotton, which are to be released this season, at ¼ cent per lb. below ruling prices, subject to a minimum price of 11·25 cents per lb. The Plan has been favourably received and it is thought that while the extra supply will relieve the acute tightness of the spot position it will not be sufficiently large to depress prices.

On the spot market a fair demand was experienced, especially for American, Sudan Sakels, and African, though American cotton of desirable type is very difficult to obtain. On the American "futures" market new-crop months have appreciated about 20 points, and near months about 30 points. The January, 1937, contract is now quoted at a discount of 65 points on April, 1936.

Manchester reports a fair amount of activity with a slightly better turnover in cloth for India, but there is still an absence of bulk buying. Yarns are steady and turnover moderate.

Wool

Bradford.—Lack of new orders has caused a slight easing in quotations for merinos and fine crossbred tops. Spinners are still well employed with home trade orders, but export trade is quiet.

Hawick.—The improvement in the Border tweed trade continues, but looms are not yet fully employed. Urgent orders are coming forward from Germany, some of them, it is

stated, being for re-export to some of the Balkan and other European States, the principal demand being for the better classes of Scottish tweeds. Merchants in the United States and South America are also ordering more freely this season. Business in the hosiery and underwear departments is somewhat irregular, and spinners and dyers are only moderately employed. There is no indication of any easing off in the price of wools used in the district.

Other Textiles

Dundee.—All branches of the jute trade are lacking in interest. Business taking place is confined to small lots and prices are more or less nominal. Manufacturers are in need of orders but are not willing to accept lower prices. Spinners are difficult to interest in raw jute, and business is quiet.

Dunfermline.—The Fifeshire linen trade is easier, largely owing to the position of the raw material, the market for which is in a very uncertain state. Offers of flax and tow are being sparingly made. Business in both wet and dry spun yarns remains very quiet, and in certain sections prices are practically nominal.

Wolverhampton.—Artificial silk production remains steady.

Clothing, Leather and Boots

Bristol.—Employment in the clothing industry continues to be fairly good, and difficulty is experienced in filling vacancies for certain skilled workers. The position in the boot and shoe trade is fairly satisfactory. Leather and leather goods continue in satisfactory demand.

Leeds.—Clothiers have good orders on hand. Employment is likely to be very good during the next two or three months.

Leicester.—Home trade in boots and shoes is fairly steady. Prospects are good, though the increases in leather prices are somewhat disturbing. Export trade shows no appreciable increase, and imports of leather footwear during February were considerably higher than in the previous month. Trade in hosiery is not good, but it is certainly better than in the corresponding period last year, which was one of the worst in the history of the trade. Conditions in the silk underwear

section are better, but export trade is very slow. In woollen underwear trade is good and export trade improving. In the outer wear sections conditions are quiet and prospects uncertain.

Northampton.—Business continues to be fairly brisk, and many factories curtailed the usual Easter holidays. In the leather trade all types of bends are in good demand at increased prices. Upper leathers are also firm with a rising tendency.

Shipping

Bristol.—Trade conditions were generally good during the first quarter of 1936. Shipping arrivals were better than a year ago. Imports showed a definite improvement over last year. Grain, petroleum, timber and tobacco trades were particularly active.

Hull.—Tonnage continues in plentiful supply, and demand is limited. Rates show no improvement.

Liverpool.—Outward coal tonnage has been in quiet request with rates on the easy side. Homewards from the River Plate chartering has been very quiet with schedule rates maintained. There has been some enquiry for forward loadings from Montreal, and for early loadings from the West Indies sugar ports, but elsewhere quiet and featureless conditions have prevailed.

Newcastle-upon-Tyne.—Chartering is slow in every direction, and rates are generally in shippers' favour.

Southampton.—The first quarter of the present year has proved most satisfactory for the shipping trade at Southampton Docks, increases being recorded under all principal headings. Inward shipping tonnage for the first three months advanced to a total of 3,741,316 gross tons, equivalent to an increase of 15 per cent. over the corresponding period of last year. The number of passengers, inward and outward, aggregated 54,466, and showed an increase of 18 per cent. Import and export traffics also continued to progress during the quarter, and their combined total exceeded the 1935 figure by 24 per cent.

Cardiff.—The freight market continues dull in all directions. The Mediterranean is exceptionally weak on a very limited demand for tonnage. The market for the Plate has shown a slight tendency to harden owing to the lack of enquiry homewards.

Newport.—Freight rates have shown no recovery, and all markets remain at a low and unremunerative level. There are now three vessels laid-up in the docks, and two in the river.

Swansea.—Very few orders are being quoted for the Mediterranean or Bay directions. The coasting market is also very dull. Tonnage is offering freely, and rates are very weak.

East of Scotland.—There were less than twenty vessels on loading turn at the Forth coaling ports at mid-April, most of them being at Methil. Trade at Leith docks was fairly well maintained during March. Exports of cargo coal showed a considerable increase over those for March, 1935. Grain imports increased from 17,367 tons to 28,833 tons, but wood imports decreased considerably.

Glasgow.—The freight market is quiet. Enquiry is mainly confined to boats to load coal for the Baltic, especially Finnish ports, for which a considerable volume of tonnage has been already fixed, and rates in this section are steady. Very little business is offering in the Mediterranean, Bay and coasting trades, and chartering is not of sufficient volume to test rates thoroughly.

Foodstuffs

Bristol.—On the whole employment in this industry can still be regarded as satisfactory. Some of the workpeople who were temporarily stood off by the chocolate manufacturing firms have now returned to work.

Liverpool, grain.—The wheat market has been very steady during the past month. Demand has been moderately good and there has been no selling pressure from Australia or Canada. Latterly prices have advanced about 1d. per cental on bullish reports on the condition of the United States winter wheat crop. The Bureau Report gave the condition of this crop at 68·5 per cent. on the 1st April as against 78·2 per cent. on the 1st December last. The report took the market by surprise, as the decline of about 10 points was considerably greater than had been anticipated. Spring wheat conditions are good both in the United States and Canada, but cold weather has delayed the sowing of the crop. Elsewhere in the Northern Hemisphere average to good weather conditions have been experienced during the month. Canada has made good progress during the

last few months in disposing of her surplus stocks. Recent reports indicate that present stocks are in the neighbourhood of 150 million bushels, against 248 million bushels in December last.

In maize a good volume of business has been done and prices have been steady. Yellow La Plata maize is quoted at 4s. per cental.

Liverpool, provisions.—During the month rather lower prices ruled for Continental bacon, owing to quiet demand and heavier English killings. Stocks of American hams were light, with only a fair demand. Lard had a firm market, but slow consumptive demand. Empire butter has been arriving in good quantities and prices are steadier. Danish supplies have been more plentiful with a big reduction in price. Cheese supplies were fairly normal, showing very little change.

In the canned goods section meats were firm at unchanged prices. Fruits tended to improve with a firmer market for some varieties.

Fishing

Brixham.—Good catches were landed by steam trawlers during March, but sail trawlers made poor returns. Demand was brisk, and all classes of fish fetched abnormally high prices. Shell fish were plentiful and prices good, though landings were falling off in April with the approaching end of the season.

Lowestoft.—The total quantity of wet fish landed by British vessels in the United Kingdom during March, 1936, amounted to 62,000 tons, valued at £931,000, as compared with 53,000 tons, valued at £957,000 landed in March last year. For the quarter ended March 31st, 1936, landings totalled 172,000 tons, valued at £2,685,000, compared with 145,000 tons, valued at £2,837,000 in the corresponding quarter of 1935. The increase in volume and decrease in value are significant. The last consignment of 1935 cured herrings was shipped during March, and reports show that stocks held on the Continent are now smaller than for many years. The Sea Fish Commission Report on the White Fish Industry has been issued, and is engaging widespread attention at the fishing ports.

Penzance.—The mackerel fishing during March witnessed a remarkable slump in prices, which was rather exceptional so

early in the season, especially considering the decreased number of boats fishing from the East Coast. Prices fell to as little as 1s. 6d. per box of 70 fish. The prime cause of the slump is thought to be the large amount of trawled mackerel caught off the Smalls and landed at Milford and Cardiff. Cornish long-liners have had better results of late. The demand for ray and skate has been very keen, and boats have landed from £103 down to £50 per week. Ray have made as high as £6 per kit, and skate as high as £7 per score.

Scotland.—All records have again been broken in the recent winter herring fishing at the mouth of the Forth, the total landings in the Anstruther district for the season amounting to 75,066 crans valued at £93,322, as against 58,322 crans valued at £72,687 last winter. This is steadily becoming an important field for the industry again, and boats from all quarters have been engaged. White fishing round the coast has been interfered with by stormy weather, particularly in the North, and landings have been light generally with prices firm.

Other Industries

Carpet-making.—Kidderminster reports that orders are coming in freely, possibly in some cases because an advance in prices is anticipated. The number of carpets despatched so far this spring shows a considerable increase over last year, and a fair amount of the increase has been for export. Weavers in all sections of spool Axminsters and gripper looms are busy. Wilton departments also show an improvement, but certain qualities of chenille squares are still not selling freely. Raw materials continue to advance.

Paper-making and Printing.—Bristol reports that the employment position has shown a substantial improvement.

There is very little change since last month in the Edinburgh paper-making trade, which continues fairly satisfactory. Export business is still lacking. The printing trade is also moderately active, although the international situation is having an adverse effect on book printing in certain directions.

Pottery.—Longton reports that business continues satisfactory as compared with the same period last year. The wages question has again been amicably settled with the employees' representatives, with a small increase in all sections except for sanitary ware.

Timber.—Owing to the Easter holidays business has been slack on the Humber, but the stock market is firmer than for some years, and heavy selling is expected before the end of May. As regards the forward market, Hull importers seem anxious to wait as long as possible before covering their requirements, as shippers continue to ask prices which importers refuse to consider. Importers are able to carry out this waiting policy, because they have already made their purchases for open water goods. Prices are expected to harden.

Pitwood imports at Newport in March totalled 13,700 loads, against 13,600 loads in February, and 14,500 loads in March, 1935. Portugal and France each supplied three cargoes. Two small cargoes of telegraph poles arrived during the month. For the first quarter of the year pitwood imports were 32,000 tons, compared with 24,000 tons in the previous quarter, and 42,000 tons a year ago, and other timber imports amounted to 5,000 tons, against 6,000 tons in the previous quarter, and 2,000 tons in the first quarter of last year.

Overseas Reports

Australia

From the National Bank of Australasia Limited

Following excellent autumn rains favourable pastoral conditions exist in Queensland, New South Wales and South Australia, but Western Australia and ports of Victoria need rain. Butter production has rapidly declined, but competition was fully maintained at the closing wool sales. The gold output is steadily expanding, and internal trade and building are active. Exports for the eight months to February 29th last amounted to £74,000,000 sterling, and imports to £58,000,000, as compared with exports £59,300,000 sterling, imports £50,100,000 for the same period last year. The Stock Exchange has weakened slightly, having been influenced by the rise in certain interest rates.

Canada

From the Imperial Bank of Canada

Business has recently shown a tendency to level off after a lengthy period of irregular expansion. The official index number of economic activity has declined slightly from its recent high point, but is still 6 per cent. above a year ago. The recent contraction in the physical volume of business is reflected in reductions in steel production, automobile output, imports of raw material for manufacturing purposes, and the output of electric power. Mineral production shows a further increase, with larger exports of copper and nickel. Railway freight movement is sustained largely by crop shipments. Employment is nearly 15 per cent. above a year ago. Building permits have fallen off, but construction contracts for the first quarter are above a year ago, and the Spring season promises well. The newsprint industry continues to improve, with prospects of better prices. The opening of navigation foreshadows increased movements of merchandise to rural districts, where purchasing power is considerably greater. Crop prospects in Western Canada are thought to be hopeful, and acreage promises to be as large as, if not a little larger than, last year. There are indications that there will be better demand for equipment. The new Trade Agreement with America is favourably affecting the lumber industry. The Federal Government is attempting to curtail current expenditure and to solve

the relief problem, but the Western Provinces particularly, and some of the larger municipalities, are faced with serious financial difficulties. This, together with uncertainty about tariff charges and Government investigations into various industries, is at the moment affecting business sentiment.

India

Bombay.—Political unsettlements during March stimulated a general demand for cotton, which affected both the American and the Bombay markets. Japan was an active buyer, while Europe bought moderately. There was some business with China, and Indian mills showed increasing interest. Demand for Oomras for export account and domestic consumption was strong, and there was a fair enquiry for Broach and Gujerat varieties. The piece-goods market showed little improvement, with prices continuing at low levels. Arrivals of English goods were small, and stocks are probably declining. Large stocks of Japanese goods are held and arrivals are fairly heavy. Prices, though steady, have an easy undertone. Steady business has been done in local goods. Firmer prices for English yarns have facilitated steady sales in spite of competition from cheap Japanese and Chinese yarns, which are in big demand.

The following table shows imports of yarn and cloth from Great Britain and Japan during the past few years :—

	Yarn Imports (lbs. millions)		Cloth Imports (yards millions)	
	U.K.	Japan	U.K.	Japan
1933 ...	41·5	12·5	459	445
1934 ...	21·8	19·0	528	437
1935 ...	13·0	27·5	493	596

Great Britain has now fallen to second place. The Ottawa Agreement is shortly to be terminated and India is to endeavour to negotiate Trade Agreements with Great Britain and other countries. It remains to be seen how the Lancashire piece-goods trade with India will be affected.

Calcutta.—At the beginning of March a firmer tone developed in the loose jute market, but subsequently business was small. Later, on reports of good rain in the jute-growing district, a quieter tone set in with sellers keener on business. The baled jute section opened steady and fair business with

shippers and local mills caused prices to advance sharply. Demand, however, slackened and prices eased. The section was quieter at the close. The Calcutta Jute Mills Association Agreement, restricting working time to 40 hours a week, expired on March 31st, 1936, and a new agreement came into effect on April 1st allowing up to 54 hours per week. This arrangement can be suspended, modified or cancelled on fourteen days' notification by the Association.

Rangoon.—Business in the rice market during March was almost entirely confined to "paper" transactions. High prices for paddy continued to keep prices for white rice above the level of demand, and speculators were also short in their "paper" transactions. Unless paddy prices fall or a new demand develops, the present situation will continue. The tone in the European timber market remained firm, with prices steady, but demand fell off later, owing to the international tension. The Indian market continued dull. There was some improvement in prices for better quality round logs. The hardware market showed some improvement, but the situation is considered worse than that of previous years. A feature has been the demand for building materials. Japanese competition in corrugated sheets is strong and is taking business from the British. Stocks are still heavy, but dealers expect a continued expansion in demand.

Irish Free State

In spite of the delay caused by inclement weather farm work is now well forward. Supplies of hay were scarce, but the position on the whole is satisfactory. Oats was the only cereal marketed in any quantity in March, and a fair amount is still on hand. Adequate supplies of potatoes for home use were available on all farms, and the bulk of the ware potatoes grown for export were disposed of by the end of last month. Sales are estimated to have been at least double those of any of the last three seasons, and prices were satisfactory. Both winter wheat and later-sown crops were doing well. Total acreage under wheat showed a substantial increase over last year. Livestock were reported healthy and in good condition. Slight attacks of liver fluke were general, but casualties were few. Cattle fairs during March were of fair size, with an active demand for young store cattle.

France

From Lloyds & National Provincial Foreign Bank Limited

The foreign trade returns for the first three months of the year compared with the same period of last year, are summarised below :—

	First three months of 1935	1936	Change between 1935 and 1936
	Frs. mill.	Frs. mill.	Frs. mill.
Imports—			
Foodstuffs	1,626	1,778	+ 152
Raw materials	2,859	3,362	+ 503
Manufactured articles ...	933	889	− 44
Total	5,418	6,029	+ 611
Exports—			
Foodstuffs	623	551	− 72
Raw materials	1,130	1,053	− 77
Manufactured articles ...	2,302	2,075	− 227
Total	4,055	3,679	− 376

The adverse visible trade balance is Frs.2,350 millions, compared with Frs.1,363 millions last year. This increase is due partly to heavier imports of raw materials, but also to a general decline in exports.

The Stock Exchange has been affected by political events, by the stringency of money and also by the increase in the French Bank rate at the end of March, but although business has been quiet the market has on the whole been well supported. Government stocks were weaker with the approach of the election.

***Bordeaux.*—Business remains quiet in the wine trade, but prices are firm. There has been a demand for bottled wines, especially those of the year 1929, for which good orders have come from Denmark. The resin market is weak with a downward tendency.**

***Le Havre.*—The coffee market was steadied by the signature in March of the Commercial Treaty between France and Brazil, but was later unsettled by uncertainties as to the renewal on April 18th of the commercial convention between France and Haiti. Demand from the Interior has been moderated,**

and stocks have increased during the month ended April 11th from 710,000 to 725,000 sacks. The cotton "futures" market has been stimulated by speculative interest. Prices have advanced and the undertone is firm. Bullish sentiment is only restrained by uncertainty as to the U.S. Government's plans for disposal of Pool cotton. Demand for American cotton continues fairly good. Stocks of American cotton in Havre and afloat are 187,000 bales against 212,000 bales a month ago.

Lille.—The cotton market continues firm and prices tend to improve in spite of the international uncertainty. Spinners are buying a good quantity of cotton against yarn orders booked for delivery a few months ahead. Unemployment shows an improvement on last month. The flax market has been more active than for many months, and the continued fall in the prices demanded by the monopoly justifies the local opinion that prices had been too high. The policy of maintaining high prices has encouraged cultivation in other countries, and in France alone the acreage under flax will be doubled for next season. Still, lower prices are expected, and spinners are now more optimistic.

Roubaix.—There is a general tendency to wait until the elections are over before undertaking important engagements. Demand for tops has on the whole been fairly satisfactory, and prices are firm although spot quotations are below world prices. Those for future delivery are, however, more on a level with prices abroad. There is little change in the combing section, but prospects are poor, as there will soon be a shortage of raw material. The spinning section is slightly worse, but more orders are expected after the elections. As regards the manufacturing section, a recent report shows that the improvement in the last six months has been due entirely to the internal market. Export trade has practically stopped. Even so there have been recent complaints of a shortage of skilled weavers. This is due to the restrictions upon foreign workers, especially upon Belgians. Immediate prospects are considered satisfactory, except for the export trade. Here there are few hopes of recovery, especially as it appears impossible to reduce local costs any more. Stocks of tops in the combing mills show a slight increase on last month, and are about the same as a year ago.

Belgium

From Lloyds & National Provincial Foreign Bank Limited

Antwerp.—Disturbing events in international politics continue to depress markets, and for the moment business is practically at a standstill. Prices on the Stock Exchange, however, remain remarkably firm, and the money market remains easy. The diamond trade has profited by increased demand, and unemployment among cutters shows an improvement. On the whole the economic situation is presenting a much brighter picture, and if only confidence generally could be restored, the crisis, so far as Belgium is concerned, would be a thing of the past.

Brussels.—The position in the iron and steel trade continues satisfactory. Orders have been received from India and Japan, but England is still the most important buyer. A Royal Decree which came into force on April 9th makes the export of certain goods subject to licence. Demand for house coal continues to diminish, and exports to France are less active. Current production of industrial fuel is being well absorbed. Negotiations between representatives of Germany, Great Britain, Belgium and Holland, with a view to forming a convention to fix the import prices of coke, have proceeded in a favourable atmosphere, and were to be continued in London on April 27th.

Germany

The general state of trade remains firm. Unemployment fell during March from 2,516,000 to 1,937,000, and Stock Exchange prices have undergone a remarkable recovery since the end of February. This recovery embraced bond prices as well as share prices, and so in no way arises from any rumours regarding an impending devaluation of the reichsmark. Dr. Schacht has repeatedly denied the truth of such rumours, and has also refused to listen to certain proposals for modifying the foreign trade and exchange regulations with a view to establishing a form of private clearing. It is objected that this scheme would end in giving a dual value to the reichsmark, which could easily become the prelude to devaluation.

The main objections adduced against devaluation are, first, that the only object could be the stimulation of exports and the removal of exchange restrictions. Any attempt to expand exports is held to be doomed to failure so long as the present world net-work of trade barriers exists. Exchange restrictions are also necessary, it is argued, because the national economy could not withstand the consequences of the sudden outflow of Jewish capital, estimated at Rm.12,000 to Rm.20,000 millions, which otherwise would take place. Again, devaluation would increase the reichsmark value of foreign currency debts and would also add to the cost of all imports. An industrialised country, such as Germany, could only afford to devalue her currency during a period of falling prices.

Meanwhile exports only accounted in 1935 for 11·5 per cent. of Germany's industrial production, against 24 per cent. in 1929. Still, the indications are that the Government will continue to maintain exchange restrictions.

Holland

Company reports for 1935 reveal that although considerable powers of resistance are being shown, there has as yet been little improvement in profits. Undertakings dependent upon Rotterdam and other ports are feeling the effect of Belgian devaluation, but the proposed reductions of charges at Rotterdam should enable this port to compete again with Antwerp. The shipping companies are still being subsidised by the Government. They received Fl.8·2 millions in 1935, and will probably receive an equal amount this year. Even so, depreciation changes are not being fully covered. Shipbuilders are taking steps to reorganise their industry. Unemployment continues to increase, and at the end of February stood at 465,463, or 5½ per cent. of the population. This deterioration is due, among other causes, to the increase in the total population and to the general rationalisation of industry. Prices of Dutch East Indies products are improving and are exercising a favourable influence. Demand for tobacco from Germany and America is good, and the reduction in the American import duty under the terms of her new Trade Agreement with Holland is proving beneficial. Germany has allocated Rm.20·5 millions for the purchase of Dutch tobacco. This will cover half her normal requirements,

but further imports of Rm.5 millions will be paid for in exchange for a ship being built in Germany for a Dutch company.

The Dutch foreign trade returns for the first quarter of 1936 show imports at Fl.233 millions and exports at Fl.156 millions, compared with Fl.226 and Fl.159 millions respectively for 1935. Increased imports are partly accounted for by the proposed duty of 12 cents per kilogramme on coffee, which has caused heavy imports in forestalment. There is an inclination to replace quotas by duties, which are less rigid in their effect.

The Stock Exchange has continued calm, with small price movements, and the gilt-edged market has been constantly firm. The money market is easy, with the private discount rate at only 1 per cent., and many international transactions are once more being financed on the Dutch market.

Norway

Foreign trade returns for March and for the first quarter of 1935 and 1936 are summarised below :—

	Mar. 1935 Kr. mill.	Feb. 1936 Kr. mill.	Mar. 1936 Kr. mill.	First Quarter 1935 Kr. mill.	First Quarter 1936 Kr. mill.
Imports	64·7	71·2	74·2	177·0	209·5
Exports	50·8	57·9	56·4	149·3	169·7
Import Surplus ...	13·9	13·3	17·8	27·7	39·8

The index of industrial production, compiled by the Central Bureau of Statistics, is given below. The base period is the first half of 1933, which is equated to 100 :—

	Home Industries Jan.	Home Industries Feb.	Export Industries Jan.	Export Industries Feb.	All Industries Jan.	All Industries Feb.
1933 ...	90	97	100	113	93	102
1934 ...	95	104	95	109	95	106
1935 ...	98	108	116	129	104	115
1936 ...	110	115	127	139	115	123

While the recovery between January and February is partly seasonal, it is obvious that there has been substantial progress in comparison with previous years.

During March, the quantity of idle tonnage increased from 81 vessels of 252,503 tons d.w. to 98 vessels of 281,660 tons d.w. Wholesale prices remained unchanged during the

month ended March 15th at 132 (1913=100); the cost-of-living index rose during the same period from 153 to 154 (July, 1914=100).

The new $4\frac{1}{2}$ per cent. internal Government loan, for Kr.55 millions at an issue price of $100\frac{1}{2}$, was largely over-subscribed.

The 1935–36 Antarctic whaling season is estimated to have yielded 2,393,000 barrels of oil, against 2,420,000 barrels in the preceding season.

Sweden

Timber sales are less active than at the beginning of the year, and the rise in Russian prices is making prices firmer. The international political situation is affecting trade to some extent, but nevertheless by the middle of April 450,000 standards had found a market, or an improvement of 125,000 standards over last year. The paper pulp market is becoming quieter, as a result of the previous heavy sales of certain kinds of chemical pulp. Both sulphite and sulphate pulp, however, show a distinctly firm tone, and the Sulphite Association is increasing the output for the year from 2,350,000 tons to 2,500,000 tons. Recently the trend in mechanical pulp has been favourable, but the firmness has not yet resulted in a general rise in prices. On the paper market increased consumption in America has begun to have its effect, and most export markets are more hopeful. Newsprint mills are fully booked for the rest of the year, and the anticipated rise in prices may prove practicable by the beginning of next year. " Kraft " paper mills have three times as many orders on hand as last year, and as raw material prices have gone up, a price increase is expected. The situation in the sulphite wrapping paper trade is also satisfactory. Ironworks are well occupied, and the steel industry is working at full pressure. Prices of some iron products are expected to advance, as the cost of raw materials is steadily increasing.

Denmark

Special legislation was needed to bring to an end the lock-out of 100,000 workers, which began on February 24th. An Act was passed setting up a special Court of Arbitration. This adopted the proposals of the permanent official arbitrators

that a wage increase should be given to the lowest-paid workers. These proposals have been adopted and work was resumed on March 30th. Since then unemployment has declined from 106,348, or 27 per cent., to 92,029, or 22·9 per cent. of all registered workers.

Legislation passed just before Easter has transformed the privately owned National Bank of Copenhagen into the National Bank of Denmark, which is largely under State ownership and control. The minimum gold reserve is fixed at 25 per cent. of the note circulation. Another Act provides for the issue of Kr.100 millions of 4½ per cent. State Bonds for the purpose of relieving the indebtedness of farmers. The farmers receive fresh loans out of the proceeds of the issue, for the purpose of repaying existing debt, and the interest on the new loans for the next two years is to be only 1½ per cent. The cost to the State, amounting to Kr.3 millions for each of the next two years, will be met out of taxation. Further money has been voted as subsidies to certain distressed municipalities and for relief in kind to the unemployed. The Minister of Finance has been given authority to borrow Kr.65 millions at home or abroad in order to reduce the present debt of Kr.82·9 millions due to the National Bank. He has also obtained other conversion powers.

Prices of eggs and bacon remain steady, but the price of butter has fallen from Kr.212 to Kr.170 per 100 kilogrammes. Butter exports for the first quarter of 1936 at 34 million kilogrammes were up to the 1935 level, but bacon exports at 47 million kilogrammes were 7 per cent. lower, while exports of eggs, at 17 million scores, were 15 per cent. higher. The foreign exchange position of the National Bank has improved greatly during the past year. Balances with correspondents abroad have risen from Kr.6·4 to Kr.7·6 millions, and sight balances with the central banks of Sweden, Norway and Germany have risen from Kr.15·3 to Kr.17·8 millions. The sum due to foreign correspondents has fallen from Kr.105·1 to Kr.51·3 millions, but the debt due to Danish commercial banks has risen from Kr.12·4 to Kr.38·8 millions.

At the beginning of the negotiations for the renewal of the Anglo-Danish Trade Agreement, the British representatives asked for an increase in the quota for British imports into Denmark. The Danish authorities have granted licences

authorising the immediate importation of an additional £500,000 of British goods.

Switzerland

From Lloyds & National Provincial Foreign Bank Limited

The 4 per cent. 1944–47 Conversion Loan issued by the Federal Government last month at a price of 94½ met with considerable success. Frs.100 millions were required, conversion and cash subscriptions amounted to Frs.135 millions. During the last few weeks the money market has been easier and the private discount rate is now ¼ per cent. under the official discount rate of 2½ per cent. The premium on three months' sterling is now as low as to equal only 5 per cent. per annum. Gold continues to flow into the country and the National Bank's reserves have increased by Frs.125 millions since the beginning of the year. An International Motor Show was held in Geneva at the end of March. British manufacturers were well represented. Business was not as good as last year, not only on account of the general economic situation but owing to fears of complications arising from the international political situation.

Spain

The issue in March of Ptas.350 millions 3½ per cent. two-year Treasury Bonds was over-subscribed, and Ptas.500 millions of 5 per cent. Treasury Bonds which fell due for repayment in April were converted into similar 4 per cent. bonds, maturing in 1940. An amount of Ptas.67 millions, presented for repayment, was easily over-subscribed.

A new Commercial Agreement with Belgium came into force on April 13th. An ancillary "clearing" arrangement provides that 45 per cent. of the funds paid into the Clearing Office on the Belgian side shall be used to liquidate arrears of indebtedness to Belgian exporters, the balance of 55 per cent. being retained in a separate account through which exports to Spain authorised by the Belgian Government will be settled. The success of this new agreement depends upon Belgium's ability to absorb larger imports from Spain and increased quotas for Spanish agricultural produce are conceded.

Referring to the complaint of manufacturing interests that their inability to obtain foreign exchange for purchases

of raw materials was causing serious difficulties, the new Finance Minister emphasised that all requests for foreign exchange in respect of genuine trading requirements, as distinct from speculative purchases, would after due verification be satisfied by the Control Office.

Foreign trade returns for the first two months of 1936 show an increase in imports and a decrease in exports as compared with the corresponding period in 1935. The adverse balance of trade to the end of February was gold Ptas.44½ millions.

Morocco

From the Bank of British West Africa Limited

Business during the past month in the French zone has continued quiet, and little real improvement can be expected before the new season's grain crops begin to be harvested towards the end of May. The satisfactory early spring rains have benefited all new crops, which so far have continued to develop favourably. Early vegetable supplies are reported to be abundant, and exports of these continue to expand.

Native purchasing power is weak, and the demand for imported goods continues dull, except for lower-grade green tea. The market for cotton goods is very quiet, but stocks are reported not to be large. Local prices for grain have fallen in sympathy with prices in France, but heavy shipments of barley continue, chiefly to France.

The total receipts of the two Moroccan Railway Companies fell from Frs.80·1 millions in 1934 to Frs.67·9 millions in 1935, the fall in revenue occurring only in the French zone. Preliminary results of this year's census in the French Protectorate indicate that the population of Casablanca is now nearing 230,000, of which about 80,000 are Europeans, over 100,000 are Mohammedans, and some 40,000 are Jews.

The United States

Following the recent floods six of the Southern States have been devastated by tornadoes, and reconstruction work is already having some influence on the demand for materials. Retail business was helped by Easter trade, which is reported to have been satisfactory. For the period ending April 5th the revenue freight loadings totalled 8,521,081 as against

8,050,374 cars for the same period last year. There are signs of an upturn in the building trade. Bankruptcies for March amounted to 946 with liabilities of \$16¼ millions, against 856 and \$14 millions in February.

Out of the 4,598,445 tons of non-full duty sugar permitted from Cuba and other island dependencies 1,635,448 tons had arrived by the end of March. Raw sugar prices continued to advance, the March increase being from 3½ to 3¾ cents per lb., and refined sugar has risen from 4·65 cents to 5 cents per lb. The Goodyear factory strike still continued in the middle of April, and has naturally affected the consumption of crude rubber, but the undertone of the rubber market is firm. Home demand for copper has improved, but not sufficiently to justify the raising of the price by some producers from 9¼ cents to 9½ cents per lb. Following the London market, tin has declined after having been steady for some weeks. Floods in the manufacturing area have affected the output of tinplate considerably. Lead is maintained at 4·60 cents per lb. in spite of heavy orders, but further demand may raise the price, as has already happened in the case of zinc.

The steel mills have recovered to a large extent from the floods and are now working at 62 per cent. of capacity. The railways continue to send forward a good volume of enquiry. Last month the average daily output of steel ingots was 128,711 tons, or the highest figure since June, 1930. Shipments of finished products during March totalled 783,552 tons, the best for some years. The output of pig-iron was 2,040,311 tons. On April 1st 126 blast furnaces were in operation.

Conditions in the cotton belt are unfavourable, either through too much rain or too little. Government holdings of cotton continue to depress the trade. A plan has been formulated whereby the Government Agency (the Commodity Credit Corporation) will be recapitalised at \$100 millions, enabling it to write off losses on cotton sold, variously estimated at \$39 to \$51 millions. The Corporation will dispose of the cotton under certain conditions. It will absorb the accumulated carrying charges of about 1½ cents per lb., and will allow the borrower to withdraw his cotton and sell it at 25 points below the average price for the ten Southern spot markets, subject to a minimum price of 11¼ cents per lb. Although this may at first have a bearish effect, in the long run the determination

of the Government to get out of the cotton business should be beneficial. These tendencies have been reflected in recent speculative trading, and dealing in cotton "futures" has been comparatively active. Spot cotton has recovered from the recent low price of 11·32 cents to 11·70 cents per lb., and variations since have been nominal.

South America

Argentine.—Heavy rain fell towards the end of March over the greater part of the cereal zone, but the extreme south of Buenos Aires province was still suffering from drought. The first estimate of the maize crop, issued this year, was 9,650,000 tons, or 12 per cent. above the average for the past five years. Nevertheless the basic price of new-crop maize has been raised to 5 pesos per 100 kilogrammes, partly because reserve stocks in the principal consuming countries have been reduced to a minimum. Retail trade was very quiet during March. Japanese and Italian competition was noticeable in the import trade in cotton goods. Trade in woollen goods was a little quieter.

Brazil.—Attempts are being made to add to Brazil's export trade. It has now been agreed that exemption from the requirement to deliver to the authorities 35 per cent. of export bills at the official rate of exchange should be granted in the case of products which at present are either not being exported at all, or which are only being exported in insignificant quantities. Commercial notes have recently been exchanged between France and Brazil, as a preliminary to the execution of a more comprehensive agreement. March coffee exports were slightly less than those of February, and stocks at the port increased during March from 3,323,000 to 3,443,000 bags. Deliveries, however, for the present season to date are 16 per cent. higher than in the previous year. Efforts are being made to increase the production of the finer types of coffee. Reports of the cotton crop are satisfactory. The heavy rains of last March did less damage than was anticipated, and destruction by pests is much less than a year ago. Little cotton has been sold to Germany as compensation marks may not be used to finance cotton shipments. Sales to Japan are much greater than in previous years.

Chile.—The commercial banks have been authorised to buy drafts and cheques drawn in the currency of countries

with which Chile has no compensation agreements. The total of such purchases must be deposited daily in sterling or American dollars in the purchasing bank's account with the central bank, and resale to importers and others is subject to permission from the exchange control authorities. The wheat crop is smaller than had been expected, and oats have been poor. The year has opened satisfactorily for the mining industries.

Uruguay.—Pasture lands have benefited from the heavy, continuous rains which fell during the second fortnight of March. Reports of the condition of livestock are favourable, and trade in cattle has been active. Business in wool was quiet but steady, with some demand for fine cross-breds. A new Decree has been issued giving the State Bank absolute control over the foreign exchange market.

*** Further information regarding trade conditions in South America will be found in the *Monthly Review*, published by the Bank of London & South America, Limited.

Japan

The excess of imports since January this year now totals Y.215 millions, an increase of 32 per cent. over the same period of last year. This is mainly accounted for by increased imports of wool and raw cotton, and by the heavy fall in exports of cotton textiles. The new Cabinet is expected to follow a policy of keeping interest rates low, and the demand for Government bonds has been strong. Since the middle of last month, however, interest rates have risen slowly. The accounts of the Bank of Japan at April 1st show Loans at Y.944 millions and Notes issued at Y.1.428 millions. Sales during March of Government bonds by the Bank amounted to Y.205 millions, raising total sales for the year to date to Y.455 millions. The Stock market was upset by uncertainty as to the future, but subsequently recovered and closed quiet. In spite of unsettled conditions and uneasiness regarding the possible extension of industrial control, the commodity markets generally maintained a steady tone. At the end of the month the principal textiles, including raw silk and rayon, showed a steady rise. Steel prices also increased, and sugar, fertilisers and flour were steady. The foreign exchange market was weak for a time, with rates below the Yokohama Specie Bank's official rate, but it has since recovered. Practically all the import bills have been absorbed and the market is now more settled.

Statistics

BANK OF ENGLAND

Issue Department

	Note Circulation.	Govt. Debt.	Other Govt. Securities.	Other Securities.	Silver Coin.	Fiduciary Issue.	Gold.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
End March, 1930	352·3	11·0	233·0	11·5	4·5	260·0	155·1
" " 1931	357·1	11·0	232·0	12·9	4·0	260·0	144·5
" " 1932	360·5	11·0	240·9	19·3	3·8	260·0	120·8
" " 1933	367·1	11·0	249·9	10·5	3·6	275·0	171·8
" " 1934	378·8	11·0	245·4	0·1	3·5	275·0	191·1
" " 1935	381·4	11·0	246·7	0·2	2·1	260·0	192·5
" " 1936	406·5	11·0	246·5	1·5	1·0	260·0	200·6
April 15, 1936	421·9	11·0	247·6	0·4	1·0	260·0	201·6
April 22, 1936	415·4	11·0	247·6	0·4	1·0	260·0	202·1

Banking Department

	Public Deposits.	Bankers' Deposits.	Other Deposits.	Govt. Securities.	Discounts and Advances.	Other Securities.	Reserve.	Proportion.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	%
End March, 1930	18·8	54·9	35·9	44·8	6·1	13·3	63·7	58·1
" " 1931	17·2	58·8	34·7	30·3	24·6	25·7	48·3	43·6
" " 1932	27·2	54·6	34·4	35·7	11·7	51·1	35·9	30·9
" " 1933	21·2	92·8	35·0	57·7	11·8	17·2	80·6	54·0
" " 1934	17·5	94·5	36·9	77·1	5·6	11·0	73·4	49·2
" " 1935	20·1	96·6	41·2	87·6	5·6	11·4	71·7	45·3
" " 1936	18·0	83·6	37·0	80·3	5·0	16·7	54·9	39·6
April 15, 1936	9·9	104·9	36·6	106·7	8·8	13·2	40·5	35·3
April 25, 1936	13·2	93·1	38·1	93·2	7·5	13·9	47·5	32·8

LONDON CLEARING BANKS (monthly averages)

	Deposits.	Acceptances, Guarantees, etc.	Cash.	Balances and Cheques.	Call Money.	Bills.	Investments.	Advances.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
March, 1925	1,643·5	113·9	190·2	51·1	111·7	205·1	299·4	857·1
" 1930	1,719·3	159·3	184·4	51·3	134·7	183·6	240·4	990·8
" 1931	1,763·9	121·5	184·0	43·5	114·1	240·4	311·1	936·1
" 1932	1,676·4	98·7	174·0	43·4	112·5	216·8	281·9	902·1
" 1933	1,925·2	95·8	207·0	40·1	108·7	348·1	510·2	766·2
" 1934	1,830·6	112·8	218·9	43·5	120·4	202·1	547·1	753·0
" 1935	1,923·3	117·7	214·0	43·6	133·4	207·0	614·4	766·8
Feb., 1936*	2,122·5	106·1	228·6	50·4	157·2	294·5	629·4	824·1
March, 1936*	2,108·3	105·2	216·7	53·8	162·4	252·0	635·1	849·2

* Includes the District Bank.

LONDON BANKERS' CLEARING HOUSE RETURNS

	Town Clearing.	Metropolitan Clearing.	Country Clearing.	Total.
	£ mn.	£ mn.	£ mn.	£ mn.
1925	35,801	1,678	2,958	40,437
1929	39,936	1,882	3,079	44,897
1930	38,782	1,812	2,964	43,558
1931	31,816	1,668	2,752	36,236
1932	27,834	1,610	2,668	32,112
1933	27,715	1,657	2,766	32,138
1934	30,740	1,760	2,984	35,484
1935	32,444	1,887	3,229	37,560
1935 to April 24	10,220	596	990	11,806
1936 to April 22	10,258	635	1,090	11,983
1935, April (4 weeks) ...	2,373	145	237	2,755
1936, April (4 weeks) ...	2,437	151	259	2,847

BANKERS' PROVINCIAL CLEARING RETURNS

	Mar., 1925.	Mar., 1929.	Mar., 1932.	Mar., 1933.	Mar., 1934.	Mar., 1935.	Feb., 1936.	Mar., 1936.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Birmingham	11·3	11·9	9·0	9·7	11·3	9·6	11·7	10·7
Bradford	—	5·9	3·4	3·3	4·2	3·8	4·4	4·7
Bristol	5·1	5·3	4·9	5·0	5·4	4·9	5·7	5·5
Hull	4·8	4·0	3·0	3·2	3·2	3·2	3·5	3·4
Leeds...	4·5	4·4	3·8	3·8	4·4	4·3	4·2	3·9
Leicester	3·6	3·6	3·1	3·1	3·3	2·8	3·1	3·1
Liverpool	42·5	34·2	25·6	25·6	26·8	25·8	26·0	27·5
Manchester	77·4	58·0	42·5	42·1	46·1	42·8	43·8	44·9
Newcastle-on-Tyne...	7·8	6·5	5·7	6·5	6·9	5·5	5·7	5·7
Nottingham	2·3	2·8	1·9	1·9	2·0	2·0	2·5	2·1
Sheffield	5·0	4·6	3·3	3·5	3·6	3·4	4·4	4·3
	164·3	141·2	106·2	107·7	117·2	108·1	115·0	115·8

LONDON AND NEW YORK MONEY RATES

	London.					New York.		
	Bank Rate.	Treasury Bills. Tender Rate.	Treasury Bills. Market Rate.	3 Months' Bank Bills.	Short Loans.	F.R.B. Re-discount Rate.	Call Money.	Accept-ances.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
End March, 1925	5	$4\frac{11}{16}$	—	$4\frac{5}{8}$–$4\frac{11}{16}$	$3\frac{1}{2}$–$4\frac{1}{2}$	$3\frac{1}{2}$	$3\frac{1}{2}$	$3\frac{5}{8}$
„ „ 1929	$5\frac{1}{2}$	$5\frac{11}{32}$	$5\frac{1}{4}$	$5\frac{5}{16}$–$5\frac{3}{8}$	$4\frac{1}{2}$–$4\frac{3}{4}$	5	15	$5\frac{5}{8}$
„ „ 1930	$3\frac{1}{2}$	$2\frac{5}{8}$	$2\frac{9}{16}$	$2\frac{9}{16}$–$2\frac{5}{8}$	$2\frac{1}{2}$–$2\frac{3}{4}$	$3\frac{1}{2}$	$3\frac{1}{2}$	$2\frac{7}{8}$
„ „ 1931	3	$2\frac{11}{32}$	$2\frac{9}{16}$–$2\frac{5}{8}$	$2\frac{9}{16}$–$2\frac{5}{8}$	2–$2\frac{1}{2}$	2	$1\frac{1}{2}$	$1\frac{5}{8}$
„ „ 1932	$3\frac{1}{2}$	$2\frac{9}{32}$	$1\frac{7}{8}$	$2\frac{1}{2}$–$2\frac{3}{4}$	2–3	3	$2\frac{1}{2}$	$2\frac{3}{8}$
„ „ 1933	2	$\frac{15}{32}$	$\frac{9}{16}$–$\frac{5}{8}$	$\frac{5}{8}$	$\frac{1}{2}$–1	$3\frac{1}{2}$	3	$2\frac{3}{8}$
„ „ 1934	2	$\frac{31}{32}$	$\frac{7}{8}$	$\frac{15}{16}$	$\frac{3}{4}$–1	$1\frac{1}{2}$	1	$\frac{5}{8}$
„ „ 1935	2	$\frac{1}{2}$	$\frac{1}{2}$–$\frac{17}{32}$	$\frac{9}{16}$–$\frac{5}{8}$	$\frac{1}{2}$–1	$1\frac{1}{2}$	1	$\frac{3}{16}$
„ „ 1936	2	$\frac{17}{32}$	$\frac{1}{2}$	$\frac{17}{32}$–$\frac{9}{16}$	$\frac{1}{2}$–1	$1\frac{1}{2}$	$\frac{3}{4}$	$\frac{3}{16}$
Mar. 25th, 1936	2	$\frac{17}{32}$	$\frac{1}{2}$	$\frac{17}{32}$–$\frac{9}{16}$	$\frac{1}{2}$–1	$1\frac{1}{2}$	$\frac{3}{4}$	$\frac{3}{16}$
April 22nd, 1936	2	$\frac{17}{32}$	$\frac{1}{2}$	$\frac{17}{32}$–$\frac{9}{16}$	$\frac{1}{2}$–1	$1\frac{1}{2}$	$\frac{3}{4}$	$\frac{3}{16}$

FOREIGN EXCHANGES

London on	Parity (prior to Sept. 21, 1931).	1934. April 25	1935. April 24	1936. April 1	1936. April 8	1936. April 15	1936. April 22
New York—							
(a) Spot ...	\$4·866	5·14	4·83$\frac{11}{16}$	4·95$\frac{11}{16}$	4·94$\frac{3}{8}$	4·94$\frac{1}{2}$	4·93$\frac{3}{8}$
(b) 3 months	—	$\frac{1}{16}$c. dis.	$\frac{5}{8}$c. pm.	$\frac{11}{16}$c. pm.	$\frac{5}{16}$c. pm.	$\frac{7}{16}$c. pm.	$\frac{7}{16}$c. pm.
Montreal ...	\$4·866	5·12$\frac{3}{4}$	4·86$\frac{1}{4}$	4·98$\frac{1}{4}$	4·96$\frac{3}{4}$	4·97$\frac{3}{8}$	4·96$\frac{1}{8}$
Paris—							
(a) Spot ...	Fr.124·21	77$\frac{13}{16}$	73$\frac{11}{16}$	75$\frac{3}{32}$	74$\frac{13}{16}$	74$\frac{13}{16}$	74$\frac{13}{16}$
(b) 3 months	—	34$\frac{1}{2}$c. dis.	42$\frac{1}{2}$c. dis.	2$\frac{11}{16}$c. dis.	3$\frac{1}{4}$ c. dis.	3$\frac{5}{16}$c. dis.	2$\frac{11}{16}$c. dis.
Berlin—							
(a) Official ...	Mk.20·43	13·04$\frac{1}{2}$	12·02	12·30	12·28$\frac{1}{2}$	12·28	12·28
(b) Registered Marks	—	39$\frac{1}{2}$% dis.	43$\frac{1}{2}$% dis.	47$\frac{1}{4}$% dis.	47$\frac{3}{4}$% dis.	47$\frac{1}{2}$% dis.	46$\frac{1}{2}$% dis.
Amsterdam ...	Fl. 12·11	7·56$\frac{1}{2}$	7·16	7·29	7·27$\frac{1}{2}$	7·27$\frac{3}{4}$	7·27$\frac{1}{4}$
Brussels ...	Bel. 35	21·90	28·57	29·26	29·20$\frac{1}{2}$	29·21	29·21
Milan	Li. 92·46	60$\frac{1}{16}$	58$\frac{5}{8}$	62$\frac{5}{8}$	62$\frac{5}{8}$	62$\frac{11}{16}$	62$\frac{11}{16}$
Zurich ...	Fr. 25·22$\frac{1}{2}$	15·80$\frac{1}{2}$	14·95	15·20	15·17$\frac{1}{2}$	15·16$\frac{1}{2}$	15·15$\frac{3}{4}$
Stockholm ...	Kr. 18·16	19·40	19·39$\frac{1}{2}$	19·39$\frac{1}{2}$	19·39$\frac{1}{2}$	19·39$\frac{1}{2}$	19·39$\frac{1}{2}$
Madrid ...	Ptas.25·22$\frac{1}{2}$	37$\frac{7}{16}$	35$\frac{5}{8}$	36$\frac{1}{4}$	36$\frac{5}{32}$	36$\frac{3}{16}$	36$\frac{5}{32}$
Vienna... ...	Sch.34·58$\frac{1}{2}$	28*	25$\frac{3}{4}$	26$\frac{1}{2}$	26$\frac{1}{2}$	26$\frac{1}{2}$	26$\frac{1}{2}$
Prague... ...	Kr.164$\frac{1}{4}$‡	123	115$\frac{3}{4}$	119$\frac{11}{16}$	119$\frac{1}{2}$	119$\frac{1}{2}$	119$\frac{7}{16}$
Buenos Aires ...	47·62d.	36$\frac{1}{2}$†	15†§	15†§	15†§	15†§	15†§
Rio de Janeiro...	5·89d.	4$\frac{1}{2}$d.†	4$\frac{1}{2}$d.†	4$\frac{1}{2}$d.†	4$\frac{1}{2}$d.†	4$\frac{1}{2}$d.†	4$\frac{1}{2}$d.†
Valparaiso ...	Pes. 40	50†	117‖*	132‖*	130‖*	129‖*	131‖*
Bombay ...	18d.	18$\frac{3}{32}$d.	18$\frac{3}{32}$d.	18$\frac{1}{4}$d.	18$\frac{1}{4}$d.	18$\frac{1}{4}$d.	18$\frac{1}{4}$d.
Hong Kong ...	—d.	17d.	27$\frac{3}{8}$d.	15$\frac{3}{4}$d.	15$\frac{7}{8}$d.	15$\frac{7}{8}$d.	15$\frac{7}{8}$d.
Kobe	24·57d.	1/2$\frac{1}{32}$	1/2$\frac{1}{8}$	1/2	1/2	1/2	1/2$\frac{1}{32}$
Shanghai ...	—d.	15$\frac{3}{8}$d.	20d.	14$\frac{1}{2}$d.	14$\frac{1}{2}$d.	14$\frac{1}{2}$d.	14$\frac{1}{2}$d.
Gold price ...	per oz.	135s. 6$\frac{1}{2}$d.	143s. 8$\frac{1}{2}$d.	140s. 8d.	140s. 10d.	140s. 10d.	140s. 9$\frac{1}{2}$d.
Silver price ...	per oz.	18$\frac{3}{8}$d.	32$\frac{13}{16}$d.	19$\frac{11}{16}$d.	19$\frac{7}{8}$d.	20$\frac{1}{8}$d.	20$\frac{3}{16}$d.

* Nominal. † Official Rate. ‡ Kr.197·10 since devaluation of Kroner on February 17th, 1934.
§ Prior to January 14th, 1935, rates represent pence per gold peso, henceforward paper pesos to the £.
‖ Revalued on January 1st, 1935; export rate.

PUBLIC REVENUE AND EXPENDITURE

	1932–33.	1933–34.	1934–35.	1935–36.	1935–36 to April 20	1936–37 to April 18
REVENUE—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Income Tax	251·5	228·9	228·9	238·1	8·2	7·0
Sur-Tax	60·7	52·6	51·2	51·0	1·9	1·7
Estate Duties	77·1	85·3	81·3	87·9	6·2	4·1
Stamps	19·2	22·7	24·1	25·8	0·4	0·3
Customs	167·2	179·2	185·1	196·6	9·6	8·6
Excise	120·9	107·0	104·6	106·7	7·1	6·6
Motor Vehicles Duties (Exchequer Share)... ...	5·0	5·2	5·1	5·0	0·4	1·3
Other Tax Revenue	3·1	2·6	3·1	2·1	—	—
Total Tax Revenue	704·7	683·5	683·4	713·2	33·8	29·6
Post Office	10·9	13·1	12·2	11·7	2·2	1·3
Crown Lands...	1·2	1·2	1·3	1·4	—	—
Receipts from Sundry Loans	5·1	4·7	4·4	4·9	0·1	0·2
Miscellaneous Receipts ...	22·9	22·1	15·1	21·7	3·1	—
Total Non-Tax Revenue ...	40·1	41·1	33·0	39·7	5·4	1·5
Total Ordinary Revenue ...	744·8	724·6	716·4	752·9	39·2	31·1
Post Office	59·3	59·3	61·8	66·1	1·9	1·4
Road Fund	22·9	25·5	26·4	25·8	2·0	1·2
Total Self-balancing Revenue ...	82·2	84·8	88·2	91·9	3·9	2·6
EXPENDITURE—						
National Debt Interest ...	262·3	212·9	211·6	211·5	22·6	21·8
Payments to N. Ireland ...	7·0	6·6	6·8	7·2	—	—
Other Cons. Fund Services ...	3·3	4·1	3·6	5·7	0·2	0·3
Post Office Fund	—	—	2·3	1·1	—	—
Supply Services	458·3	458·8	472·2	512·0	21·1	24·9
Total Ordinary Expenditure ...	730·9	682·4	696·5	737·5	44·9	47·0
Sinking Fund...	17·2	7·7	12·3	12·5	0·3	0·3
Payments to U.S. Govt. ...	29·0	3·3	—	—	—	—
Self-balancing Expenditure (As per contra)	82·2	84·8	88·2	91·9	3·9	2·6

PRODUCTION

	Coal.	Pig-Iron.	Steel.
	Tons mill.	Tons thous.	Tons thous.
Total 1913	287·4	10,260	7,664
„ 1925	243·2	6,262	7,385
„ 1929	257·9	7,589	9,636
„ 1930	243·9	6,192	7,326
„ 1931	219·5	3,773	5,203
„ 1932	208·7	3,574	5,261
„ 1933	207·1	4,136	7,024
„ 1934	221·0	5,969	8,850
„ 1935	222·9	6,426	9,842
Total to March, 1935	58·1	1,558	2,369
Total to March, 1936	61·2	1,814	2,830

BOARD OF TRADE PRODUCTION INDEX NUMBER (1930 = 100)

	Complete Year		1934	1935.			
	1934	1935	4th Qr.	1st Qr.	2nd Qr.	3rd Qr.	4th Qtr.
Mines and Quarries	90·8	91·7	94·7	95·5	87·4	85·9	98·2
Iron and Steel	115·7	125·6	116·4	121·9	123·2	124·1	133·3
Non-Ferrous Metals	122·7	137·3	145·4	142·2	138·4	136·6	132·1
Engineering and Shipbuilding	94·0	104·7	102·4	105·7	103·6	102·3	107·3
Building Materials and Building	135·3	149·3	138·1	138·0	151·7	157·0	150·6
Textiles...	113·3	118·9	116·7	119·0	116·8	113·3	126·6
Chemicals, Oils, etc.	104·6	111·4	105·0	109·3	108·6	108·8	119·0
Leather and Boots and Shoes	104·5	116·2	107·1	116·8	115·2	109·7	122·9
Food, Drink and Tobacco ...	101·8	106·8	107·2	98·2	107·3	108·4	113·4
Total*	106·1	113·5	111·9	113·1	111·5	110·8	120·5

* Includes paper and printing, gas and electricity, rubber, cement and tiles.

UNEMPLOYMENT

(a) Percentage of Insured Workers

Date.	1929.	1930.	1931.	1932.	1933.	1934.	1935.	1936.
End of—								
January	12·3	12·4	21·5	22·4	23·1	18·6	17·6	16·3
February	12·1	12·9	21·7	22·0	22·8	18·1	17·5	15·4
March	10·0	13·7	21·5	20·8	21·9	17·2	16·4	14·4
April	9·8	14·2	20·9	21·4	21·3	16·6	15·6	
May	9·7	15·0	20·8	22·1	20·4	16·2	15·5	
June	9·6	15·4	21·2	22·2	19·4	16·4	15·4	
July	9·7	16·7	22·0	22·8	19·5	16·7	15·3	
August	9·9	17·1	22·0	23·0	19·1	16·5	14·9	
September	10·0	17·6	22·6	22·8	18·4	16·1	15·0	
October	10·3	18·7	21·9	21·9	18·1	16·3	14·6	
November	10·9	19·1	21·4	22·2	17·9	16·3	14·6	
December	11·0	20·2	20·9	21·7	17·5	16·0	14·2	

(b) Actual Numbers Unemployed (in thousands)

	Mar., 1929.	Mar., 1932.	Mar., 1933.	Mar., 1934.	Mar., 1935.	Jan., 1936.	Feb., 1936.	Mar., 1936.
Number of Insured Persons unemployed—								
Wholly unemployed	920	2,129	2,205	1,814	1,727	1,695	1,661	1,551
Temporarily stopped	200	427	511	317	324	351	264	240
Normally in casual employment ...	84	104	105	94	92	85	91	88
Total	1,204	2,660	2,821	2,225	2,143	2,131	2,016	1,879

RAILWAY TRAFFIC RECEIPTS

	Four weeks ended				Aggregate for 16 Weeks			
	April 21, 1935.		April 19, 1936.		1935.		1936.	
	Passengers.	Goods.	Passengers.	Goods.	Passengers.	Goods.	Passengers.	Goods.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Great Western ...	0·8	1·1	0·8	1·1	2·6	4·6	2·7	4·6
London & North Eastern*	1·2	2·2	1·3	2·1	4·2	8·8	4·2	9·1
London Midland & Scottish	1·9	2·8	2·0	2·7	6·3	11·3	6·4	11·7
Southern	1·2	0·3	1·2	0·4	4·0	1·5	4·1	1·5
Total	5·1	6·4	5·3	6·3	17·1	26·2	17·4	26·9

* The London & North Eastern Railway Returns are made up a day earlier each week than the other lines.

RETAIL TRADE

(from the Board of Trade Journal)

Change in value since same date in previous year

	Mar., 1933.	Mar., 1934.	Mar., 1935.	Feb., 1936.	Mar., 1936.
By CATEGORIES: Great Britain	%	%	%	%	%
Total	− 2·9	+ 5·7	+ 0·6	+ 7·3	+ 7·9
Food and Perishables	− 2·9	+ 4·8	+ 3·6	+ 8·6	+ 9·3
Other Merchandise of which					
Piece-goods*	+ 0·8	− 5·1	− 0·7	− 0·8	− 2·7
(i) Household Goods ...	—	− 1·2	− 2·1	+ 1·6	+ 1·3
(ii) Dress Materials... ...	—	− 6·5	+ 0·5	− 3·1	− 4·9
Women's Wear*	− 4·7	+ 6·9	− 6·4	+ 3·5	+ 7·0
(i) Fashion Departments ...	− 4·0	+ 6·0	− 3·1	+ 3·6	+ 8·1
(ii) Girls' and Children's Wear	−11·6	+ 9·9	−14·4	+ 1·0	+12·3
(iii) Fancy Drapery	− 4·4	+ 9·2	− 7·4	+ 4·2	+ 5·3
Men's and Boys' Wear ...	−10·3	+ 3·7	− 2·6	+ 4·9	+ 6·8
Boots and Shoes	+ 2·0	+ 6·4	− 9·0	+ 8·8	+ 5·8
Furnishing Departments ...	Nil	+10·3	+ 1·1	+ 3·2	+ 5·4
Hardware	+ 5·7	+ 7·7	− 0·9	+ 6·0	+ 9·9
Fancy Goods	− 4·6	+10·3	− 3·1	+ 8·7	+ 5·3
Sports and Travel	−10·0	+15·3	−14·4	+ 6·0	+ 9·9
Miscellaneous and Unallocated	− 2·8	+ 8·3	+ 2·3	+ 8·0	+ 7·8
By AREAS—					
All Categories—					
Scotland	− 2·2	+ 3·3	+ 2·7	+ 7·6	+ 7·6
Wales & North of England ...	− 3·5	+ 4·0	+ 1·4	+ 7·2	+ 7·4
South of England	− 2·3	+ 7·4	+ 1·1	+ 8·2	+ 9·6
London, Central & West End	− 4·2	+ 6·5	− 6·9	+ 4·5	+ 6·0
London, Suburban	− 1·7	+ 7·9	+ 2·4	+ 8·0	+ 7·7

* Including some goods which cannot be allocated to sub-headings.

OVERSEAS TRADE

Date.	Imports. Food.	Imports. Raw Materials.	Imports. Manufactured Goods.	Imports. Total.	Exports. Food.	Exports. Raw Materials.	Exports. Manufactured Goods.	Exports. Total.
Monthly Average—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
1925	47·5	35·4	26·6	110·1	4·6	7·0	51·4	64·4
1929	44·6	28·3	27·9	101·7	4·6	6·6	47·8	60·8
1930	39·6	20·9	25·6	87·0	4·0	5·3	36·7	47·6
1931	34·7	14·4	21·8	71·8	3·0	3·9	24·3	32·6
1932	31·1	13·7	13·1	58·5	2·7	3·6	23·0	30·4
1933	28·3	15·0	12·6	56·3	2·4	3·8	23·4	30·6
1934	28·9	17·5	14·3	61·0	2·5	4·0	25·4	33·0
1935	29·7	17·7	15·4	63·1	2·6	4·4	27·4	35·5
March, 1935 ...	28·6	16·5	15·1	60·5	2·4	4·6	28·0	36·0
March, 1936 ...	30·2	19·6	17·9	68·1	2·9	4·1	28·6	36·5

SOME LEADING IMPORTS

Date.	Wheat.	Iron Ore and Scrap.	Raw Cotton.	Raw Wool.	Hides, Wet and Dry.	Wood Pulp.	Rubber.	Iron and Steel Manufactures
Monthly Average—	(thous. cwts.)	(thous. tons)	(thous. centals of 100 lbs.)	(thous. centals of 100 lbs.)	(thous. cwts.)	(thous. tons)	(thous. centals of 100 lbs.)	(thous. tons)
1925	8,071	373	1,578	606	155	103	163	227
1929	9,314	480	1,283	678	98	137	330	235
1930	8,731	363	1,011	652	108	128	326	243
1931	9,952	185	989	707	106	122	237	237
1932	8,803	159	1,048	765	105	153	176	133
1933	9,366	234	1,169	793	120	162	189	81
1934	8,552	392	1,052	657	116	187	395	114
1935	8,435	415	1,057	720	141	185	325	96
March, 1935 ...	9,027	368	918	930	114	126	393	126
March, 1936 ...	9,302	666	1,102	1,133	137	120	179	130

SOME LEADING EXPORTS

	Coal.	Iron and Steel.	Machinery.	Cotton Yarns.	Cotton Piece-Goods.	Woollen Tissues.	Worsted Tissues.	Motor Cars.
Monthly Average—	(thous. tons)	(thous. tons)	(thous. tons)	(mill. lbs.)	(mill. sq. yds.)	(thous. sq. yds.)	(thous. sq. yds.)	(number)
1925	4,235	311	43	11·3	370	11,015	3,492	1,481
1929	5,022	365	47	11·8	306	9,016	3,490	1,991
1930	4,573	263	40	11·1	201	6,587	2,893	1,602
1931	3,563	165	27	11·4	143	4,694	2,479	1,429
1932	3,242	157	25	13·9	183	4,461	2,358	2,246
1933	3,256	160	23	15·8	169	5,110	2,741	2,821
1934	3,305	188	28	10·9	166	5,745	2,772	2,904
1935	3,226	198	32	11·8	162	5,941	3,218	3,683
March, 1935 ...	3,198	174	32	11·7	183	6,200	2,979	4,961
March, 1936 ...	2,626	163	33	13·3	173	7,077	3,149	4,191

PRICES

1. WHOLESALE PRICES

Date.	Index Number (Sept. 16th, 1931 = 100).				
	U.K.	U.S.A.	France.	Italy.	Germany.
Average 1913	115·8	101·1	111·1	112·0	91·9
1925	177·9	152·3	154·1	148·9	130·2
1929	150·9	139·4	141·3	146·0	126·1
1931	107·7	103·5	105·5	103·5	101·9
1932	103·5	89·3	92·0	93·1	88·7
1933	103·5	93·7	87·7	86·6	85·7
1934	106·4	111·1	83·1	84·2	90·4
1935	108·1	120·3	78·4	—	93·5
End March, 1935 ...	103·9	116·9	77·7	89·4	92·6
„ April, 1935 ...	105·2	118·6	78·2	91·7	92·6
„ March, 1936 ...	112·8	119·7	85·6	—	95·2
„ April, 1936 ...	112·8	119·6	85·0*	—	95·4

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.

* April 18th.

2. RETAIL PRICES (cost of living)

Date.	Food.	Rent (including Rates).	Clothing.	Fuel and Light.	Other Items included.	All Items included.
End of 1925 ...	71	48	125	80–85	80	75
1929 ...	57	52	115	75	80	66
1931 ...	31	54	90	75	75	47
1932 ...	23	55	85	70–75	70–75	42
1933 ...	24	56	85	70–75	70–75	42
1934 ...	25	56	85–90	70–75	70–75	44
End Mar., 1935 ...	19	56	85–90	70–75	70	39
„ Feb., 1936 ...	29	58	85–90	75	70	46
„ Mar., 1936 ...	26	58	85–90	75–80	70	44

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

Date.	Wheat No. 1 N. Manitoba.	Sugar Centrifugals U.K.	Cotton American Middling.	Wool 64's tops avge.	Pig-Iron, Cleveland No. 3.	Tin, Standard Cash.	Rubber, Plantation Sheet.
	per qr. s. d.	per cwt. s. d.	per lb. d.	per lb. d.	per ton s. d.	per ton £	per lb. d.
Average 1913 ...	36 10	—	7·01	29 5/16	58 1½	—	36¾
1925 ...	66 4½	12 9	12·65	54 13/16	72 9¾	261 3/16	34 5/16
1929 ...	54 0¾	9 0¼	10·29	38⅝	70 4½	203 11/16	10¾
1931 ...	28 2¾	6 4¾	5·08	23 1/16	58 7	118⅜	3⅛
1932 ...	30 6¼	5 9⅛	5·29	22 1/16	58 6	136 5/16	2 5/16
1933 ...	28 2	5 4	5·53	28 5/16	62 3	194 11/16	3¼
1934 ...	30 11	4 8¼	5·66	30 11/16	66 10½	230	6 5/16
1935 ...	34 3⅛	4 8	6·69	28	67 10	225 13/16	5 13/16
Mar., 1935 ...	34 1⅛	4 7¾	6·64	23 7/16	67 6	215 13/16	5 13/16
Feb., 1936 ...	34 7⅛	4 8¾	6·12	32⅜	70 0	207¾	7 7/32
Mar., 1936 ...	34 2¼	4 11¼	6·21	33	70 0	213⅜	7 7/16

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